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

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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 June 13, 2009

OR

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

For the transition period from _____ to _____

Commission file number 1-13163

_____

YUM! BRANDS, INC.
(Exact name of registrant as specified in its charter)

North Carolina	13-3951308
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1441 Gardiner Lane, Louisville, Kentucky	40213
(Address of principal executive offices)	(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 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 July 13, 2009 was 466,558,003 shares.

YUM! BRANDS, INC.

INDEX

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	
Revenues	6/13/09	6/14/08	6/13/09	6/14/08
Company sales	$ 2,152	$ 2,323	$ 4,070	$ 4,417
Franchise and license fees and income	324	336	623	655
Total revenues	2,476	2,659	4,693	5,072
Costs and Expenses, Net				
Company restaurants				
Food and paper	693	766	1,304	1,435
Payroll and employee benefits	505	574	962	1,107
Occupancy and other operating expenses	630	672	1,172	1,256
Company restaurant expenses	1,828	2,012	3,438	3,798
General and administrative expenses	281	317	536	593
Franchise and license expenses	25	19	45	38
Closures and impairment (income) expenses	22	8	26	6
Refranchising (gain) loss	1	(1)	(13)	24
Other (income) expense	(75)	(13)	(84)	(130)
Total costs and expenses, net	2,082	2,342	3,948	4,329
Operating Profit	394	317	745	743
Interest expense, net	43	52	96	105
Income Before Income Taxes	351	265	649	638
Income tax provision	45	40	124	157
Net Income – including noncontrolling interest	306	225	525	481
Net Income – noncontrolling interest	3	1	4	3
Net Income – YUM! Brands, Inc.	$ 303	$ 224	$ 521	$ 478
Basic Earnings Per Common Share	$ 0.65	$ 0.47	$ 1.11	$ 0.99
Diluted Earnings Per Common Share	$ 0.63	$ 0.45	$ 1.08	$ 0.95
Dividends Declared Per Common Share	$ 0.38	$ 0.19	$ 0.38	$ 0.34

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	
	6/13/09	6/14/08
Cash Flows – Operating Activities		
Net Income – including noncontrolling interest	$ 525	$ 481
Depreciation and amortization	246	250
Closures and impairment (income) expenses	26	6
Refranchising (gain) loss	(13)	24
Contributions to defined benefit pension plans	(92)	(2)
Gain upon consolidation of a former unconsolidated affiliate in China	(68)	—
Gain on sale of interest in Japan unconsolidated affiliate	—	(100)
Deferred income taxes	(29)	13
Equity income from investments in unconsolidated affiliates	(17)	(20)
Distributions of income received from unconsolidated affiliates	8	22
Excess tax benefits from share-based compensation	(43)	(31)
Share-based compensation expense	26	29
Changes in accounts and notes receivable	(19)	6
Changes in inventories	15	(1)
Changes in prepaid expenses and other current assets	(18)	(9)
Changes in accounts payable and other current liabilities	(140)	(88)
Changes in income taxes payable	15	(19)
Other non-cash charges and credits, net	73	65
Net Cash Provided by Operating Activities	495	626
Cash Flows – Investing Activities		
Capital spending	(342)	(348)
Proceeds from refranchising of restaurants	63	66
Acquisition of restaurants from franchisees	(22)	(3)
Acquisitions and investments	(56)	—
Sales of property, plant and equipment	8	34
Other, net	(7)	(4)
Net Cash Used in Investing Activities	(356)	(255)
Cash Flows – Financing Activities		
Repayments of long-term debt	(144)	(257)
Revolving credit facilities, three months or less, net	108	475
Short-term borrowings by original maturity		
More than three months - proceeds	—	—
More than three months - payments	—	—
Three months or less, net	4	(9)
Repurchase shares of Common Stock	—	(994)
Excess tax benefits from share-based compensation	43	31
Employee stock option proceeds	77	40
Dividends paid on Common Stock	(175)	(146)
Other, net	5	—
Net Cash Used in Financing Activities	(82)	(860)
Effect of Exchange Rates on Cash and Cash Equivalents	(6)	8
Net Increase (Decrease) in Cash and Cash Equivalents	51	(481)
Change in Cash and Cash Equivalents due to consolidation of entities in China	17	17
Cash and Cash Equivalents - Beginning of Period	216	789
Cash and Cash Equivalents - End of Period	$ 284	$ 325

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	(Unaudited) 6/13/09	12/27/08
ASSETS		
Current Assets		
Cash and cash equivalents	$ 284	$ 216
Accounts and notes receivable, net	278	229
Inventories	134	143
Prepaid expenses and other current assets	201	172
Deferred income taxes	84	81
Advertising cooperative assets, restricted	90	110
Total Current Assets	1,071	951
Property, plant and equipment, net	3,807	3,710
Goodwill	760	605
Intangible assets, net	341	335
Investments in unconsolidated affiliates	23	65
Other assets	582	561
Deferred income taxes	340	300
Total Assets	$ 6,924	$ 6,527
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable and other current liabilities	$ 1,343	$ 1,473
Income taxes payable	87	114
Short-term borrowings	32	25
Advertising cooperative liabilities	90	110
Total Current Liabilities	1,552	1,722
Long-term debt	3,516	3,564
Other liabilities and deferred credits	1,299	1,335
Total Liabilities	6,367	6,621
Shareholders' Equity (Deficit)		
Common Stock, no par value, 750 shares authorized; 466 shares and 459 shares issued in 2009 and 2008, respectively	170	7
Retained earnings	646	303
Accumulated other comprehensive income (loss)	(340)	(418)
Total Shareholders' Equity (Deficit) – YUM! Brands, Inc.	476	(108)
Noncontrolling interest	81	14
Total Shareholders' Equity (Deficit)	557	(94)
Total Liabilities and Shareholders' Equity (Deficit)	$ 6,924	$ 6,527

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 United States ("U.S.") generally accepted accounting principles 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 27, 2008 ("2008 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 2008 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: United States, YUM Restaurants International ("YRI" or "International Division") and YUM Restaurants China ("China Division"). The China Division includes mainland China ("China"), Thailand, and KFC Taiwan, and YRI includes the remainder of our international operations.

Our fiscal year ends on the last Saturday in December and, as a result, a 53 rd 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.

In 2008, we began consolidating an entity in which we have a majority ownership interest and that operates the KFCs in Beijing, China. Additionally, 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 increases in cash related to the consolidation of these entities' cash balances ($17 million in both instances) are presented as a single line item on our Condensed Consolidated Statement of Cash Flows.

Our preparation of the accompanying Financial Statements in conformity with generally accepted accounting principles in the United States of America 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 2008 Form 10-K, our financial position as of June 13, 2009, and the results of our operations for the quarters and years to date ended June 13, 2009 and June 14, 2008 and cash flows for the years to date ended June 13, 2009 and June 14, 2008. Our results of operations 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.

We have reclassified certain items in the accompanying Financial Statements and Notes to the Financial Statements for the prior periods in order to be comparable with the current classifications. As discussed in our 2008 Form 10-K, we have begun reporting capital spending on our Condensed Consolidated Statements of Cash Flows excluding the impact of purchases that have been accrued but not yet paid. For the year to date ended June 14, 2008 this resulted in increased Capital spending of $13 million with an offsetting impact to Changes in accounts payable and other current liabilities. Also, as rental income from franchisees has increased over time and is anticipated to continue to increase, we believe it is more appropriate to report such income as Franchise and license fees and income as opposed to a reduction in Franchise and license expenses, as it has historically been reported. For the quarter and year to date ended June 14, 2008 this resulted in an increase of $6 million and $11 million, respectively, in both Franchise and license expenses and Franchise and license fees and income in our Condensed Consolidated Statement of Income. A similar amount of rental income was reported in Franchise and license fees and income in the quarter and year to date ended June 13, 2009. These reclassifications had no effect on previously reported Net Income.

Note 2 - Earnings Per Common Share ("EPS")

	Quarter ended		Year to date	
	6/13/09	6/14/08	6/13/09	6/14/08
Net Income – YUM! Brands, Inc.	$ 303	$ 224	$ 521	$ 478
Weighted-average common shares outstanding (for basic calculation)	470	480	468	483
Effect of dilutive share-based employee compensation	13	18	13	18
Weighted-average common and dilutive potential common shares outstanding (for diluted calculation)	483	498	481	501
Basic EPS	$ 0.65	$ 0.47	$ 1.11	$ 0.99
Diluted EPS	$ 0.63	$ 0.45	$ 1.08	$ 0.95
Unexercised employee stock options and stock appreciation rights (in millions) excluded from the diluted EPS computation [(a)]	13.9	6.6	14.6	5.4

(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 June 14, 2008, as indicated below. All amounts exclude applicable transaction fees. We had no share repurchases in the year to date ended June 13, 2009.

	Shares Repurchased (thousands)		Dollar Value of Shares Repurchased	
Authorization Date	2009	2008	2009	2008
January 2008	—	5,141	$ —	$ 179
October 2007	—	22,875	—	813
Total	—	28,016	$ —	$ 992[(a)]

(a) Amount excludes the effect of $13 million in share repurchases (0.4 million shares) with trade dates prior to the 2007 fiscal year end but cash settlement dates subsequent to the 2007 fiscal year end and includes the effect of $11 million in share repurchases (0.3 million shares) with trade dates prior to June 14, 2008 but cash settlement dates subsequent to June 14, 2008.

Comprehensive income was as follows:

	Quarter ended		Year to date	
	6/13/09	6/14/08	6/13/09	6/14/08
Net Income – YUM! Brands, Inc.	$ 303	$ 224	$ 521	$ 478
Foreign currency translation adjustment arising during the period	73	20	65	28
Foreign currency translation adjustment included in Net Income	—	—	—	(25)
Changes in fair value of derivatives, net of tax	(9)	—	5	10
Reclassification of derivative (gains) losses to Net Income, net of tax	9	—	3	(9)
Reclassification of pension actuarial losses to Net Income, net of tax	3	2	5	3
Total comprehensive income	$ 379	$ 246	$ 599	$ 485

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 2008 and are taking similar measures in 2009 ("the U.S. business transformation measures"). These measures include: expansion of our U.S. refranchising; 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 quarter and year to date ended June 13, 2009, we recorded pre-tax gains of $1 million and $15 million, respectively, from refranchising in the U.S. In the quarter and year to date ended June 14, 2008, we recorded a pre-tax gain of $1 million and a pre-tax loss of $25 million, respectively, from refranchising in the U.S. The refranchising losses recorded for the year to date ended June 14, 2008 were primarily due to our refranchising of, or our offers to refranchise, stores or groups of stores, principally at Long John Silver's, for prices less than their recorded carrying value.

In connection with our G&A productivity initiatives and realignment of resources we recorded pre-tax charges of $5 million and $2 million in the quarters ended June 13, 2009 and June 14, 2008, respectively, and pre-tax charges of $9 million and $7 million in the years to date ended June 13, 2009 and June 14, 2008, respectively. The unpaid current liability for the severance portion of these charges was $15 million as of June 13, 2009. Severance payments in the quarter and year to date ended June 13, 2009 totaled approximately $8 million and $16 million, respectively.

Additionally, the Company recognized a reduction to Franchise and license fees and income of $4 million and $31 million, pre-tax, in the quarter and year to date ended June 13, 2009, respectively, related to investments in our U.S. Brands. These investments reflect our reimbursements to, or obligations to reimburse, KFC franchisees for installation costs of ovens for the national launch of Kentucky Grilled Chicken. This reduction to Franchise and license fees and income was recorded in accordance with Emerging Issues Task Force ("EITF") Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)". In the quarter and year to date ended June 14, 2008, the Company recognized pre-tax expense of $2 million and $3 million, respectively, related to investments in our U.S. Brands.

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.

Acquisition of Little Sheep

On March 24, 2009, our China Division paid approximately $44 million to purchase 14% of the outstanding common shares of Little Sheep Group Limited ("Little Sheep"). This investment is included in Other assets on our Condensed Consolidated Balance Sheet as of June 13, 2009. Subsequent to the end of our second quarter, we have purchased an additional 6% of Little Sheep for $19 million and obtained Board of Directors representation. Accordingly, in the quarter ending September 5, 2009 we will begin reporting our investment in Little Sheep using the equity method of accounting.

Little Sheep is the leading brand in China's "Hot Pot" restaurant category with approximately 375 restaurants, primarily in China as well as Hong Kong, Japan, Canada and the U.S.

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. This entity has historically been 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 as addressed in EITF Issue No. 96-16, "Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights". 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 Statement of Financial Accounting Standards ("SFAS") No. 141(R), "Business Combinations" ("SFAS 141R"), 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.

While we have not yet completed the determination of all identifiable assets acquired and liabilities assumed, our Condensed Consolidated Balance Sheet at June 13, 2009 reflects consolidation of this entity using preliminary amounts. We have preliminarily assigned fair values such that assets and liabilities recorded at the acquisition date for the consolidated entity were as follows:

Current assets, including cash of $17	$	27
Property, plant and equipment		66
Goodwill		133
Other long-term assets		2
Total assets acquired		228
Current liabilities		53
Other long-term liabilities		8
Total liabilities assumed		61
Net assets acquired	$	167

Additionally, $70 million was recorded as Noncontrolling interest in our Condensed Consolidated Balance Sheet, representing the fair value of our partner's interest in the entity's net assets upon acquisition.

We anticipate that the preliminary amount allocated to the China Division's goodwill, which is not expected to be deductible for income purposes, will be retroactively reduced upon completion of the determination of all identifiable assets acquired and liabilities assumed. We do not anticipate any retroactive adjustment to our results of operations will be significant.

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 through May 31, 2009 (our China Division's second quarter end), we reported Company sales and the associated restaurant costs, general and administrative expense, interest expense and income taxes for the entity in the appropriate line items of our Condensed Consolidated Statement 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. For the quarter ended June 13, 2009 the consolidation of this entity increased Company sales by $23 million and decreased Franchise and license fees and income by $1 million. The impacts of consolidation on all other line items within our Condensed Consolidated Statement of Income were not significant.

The pro forma impact on our results of operations if the acquisition had been completed as of the beginning of both 2009 and 2008 would not have been significant.

Cash Tender Offer to Purchase Senior Unsecured Notes

During the quarter ended June 13, 2009 we completed a cash tender offer to repurchase certain of our Senior Unsecured Notes due July 1, 2012 with an aggregate principal amount of $137 million. In conjunction with this transaction, we settled interest rate swaps with a notional amount of $150 million that were hedging these Senior Unsecured Notes, receiving $14 million in cash. The net impact of the Senior Unsecured Notes repurchase and related interest rate swap settlement had no significant impact on Interest expense, net in the quarter ended June 13, 2009.

Facility Actions

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

	Quarter ended June 13, 2009			
	U.S.	YRI	China Division	Worldwide
Refranchising (gain) loss [a]	$ (1)	$ 2	$ —	$ 1
Store closure (income) costs [b]	$ 2	$ —	$ (1)	$ 1
Store impairment charges	12	3	6	21
Closure and impairment (income) expenses	$ 14	$ 3	$ 5	$ 22

	Quarter ended June 14, 2008			
	U.S.	YRI	China Division	Worldwide
Refranchising (gain) loss [a]	$ (1)	$ 1	$ (1)	$ (1)
Store closure (income) costs [b]	$ (6)	$ (1)	$ (2)	$ (9)
Store impairment charges	12	1	4	17
Closure and impairment (income) expenses	$ 6	$ —	$ 2	$ 8

	Year to date ended June 13, 2009			
	U.S.	YRI	China Division	Worldwide
Refranchising (gain) loss [a]	$ (15)	$ 2	$ —	$ (13)
Store closure (income) costs [b]	$ 3	$ 1	$ —	$ 4
Store impairment charges	13	3	6	22
Closure and impairment (income) expenses	$ 16	$ 4	$ 6	$ 26

	Year to date ended June 14, 2008			
	U.S.	YRI	China Division	Worldwide
Refranchising (gain) loss [a]	$ 25	$ —	$ (1)	$ 24
Store closure (income) costs [b]	$ (8)	$ (3)	$ (2)	$ (13)
Store impairment charges	13	2	4	19
Closure and impairment (income) expenses	$ 5	$ (1)	$ 2	$ 6

(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.

Assets held for sale at June 13, 2009 and December 27, 2008 total $21 million and $31 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 February 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. 157-2, "Effective Date of FASB Statement No. 157" which permitted a one-year deferral for the implementation of SFAS No. 157, "Fair Value Measurements" ("SFAS 157") with regard to non-financial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). We adopted SFAS 157 at the beginning of 2009 for such non-financial assets and liabilities, which, for the Company, primarily includes long-lived assets, goodwill and intangibles. The fair values of such non-financial assets and liabilities at June 13, 2009 are included in the required disclosures in Note 12. The full adoption of SFAS 157 did not materially impact the measurement of these disclosed amounts.

In December 2007, the FASB issued SFAS 141R. SFAS 141R, which is broader in scope than SFAS 141, applies to all transactions or other events in which an entity obtains control of one or more businesses, and requires that the acquisition method be used for such transactions or events. SFAS 141R, with limited exceptions, will require an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. This will result in acquisition related costs and anticipated restructuring costs related to the acquisition being recognized separately from the business combination. The Company adopted SFAS 141R on December 28, 2008. Adoption of SFAS 141R did not significantly impact the accounting for the Company's acquisitions of franchise restaurants in the quarter or year to date ended June 13, 2009. SFAS 141R did require that our existing equity interest in the entity that operates the KFCs in Shanghai, China be remeasured at its fair value upon our acquisition of additional ownership in and consolidation of the entity (See Note 4).

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements" ("SFAS 160"). SFAS 160 amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements," and changed the accounting and reporting for noncontrolling interests, which are the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. SFAS 160 was effective for the quarter ended March 21, 2009 for the Company and requires retroactive adoption of its presentation and disclosure requirements. SFAS 160 requires us to report net income attributable to the noncontrolling interests separately on the face of our Condensed Consolidated Statements of Income. Additionally, SFAS 160 requires that the portion of equity in the entity not attributable to the Company be reported within equity, separately from the Company's equity on the Condensed Consolidated Balance Sheets.

In 2008, the Company consolidated one entity for which a third party owned a noncontrolling interest. This entity operates the KFCs in Beijing, China. Prior to the adoption of SFAS 160, we reported Operating Profit attributable to the noncontrolling interest in the Beijing entity in Other (income) expense and the related tax impact as a reduction to our Income tax provision. Additionally, we reported the equity attributable to the noncontrolling interest in the Beijing entity within Other liabilities and deferred credits. As required, the presentation requirements of SFAS 160 were applied retroactively to the quarter and year to date ended June 14, 2008 for this noncontrolling interest.

During second quarter 2009, we began consolidating the entity that operates the KFCs in Shanghai, China in which a third party owns a noncontrolling interest (See Note 4). We are accounting for the noncontrolling interest in this entity in accordance with SFAS 160.

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

Noncontrolling interest as of December 27, 2008	$	14
Net income – noncontrolling interest		4
Purchase of subsidiary shares from noncontrolling interest (See Note 4)		70
Dividends declared		(7)
Noncontrolling interest as of June 13, 2009	$	81

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"). SFAS 161 amends and expands the disclosure requirements in SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS 161 was effective for the quarter ended March 21, 2009 for the Company, and we have included the required disclosures in Note 11.

Note 6 - New Accounting Pronouncements Not Yet Adopted

In December 2008, the FASB issued FSP No. FAS 132(R)-1 ("FSP FAS 132(R)-1"), "Employers' Disclosures about Postretirement Benefit Plan Assets," which expands the disclosure requirements about plan assets for defined benefit pension plans and postretirement plans. FSP FAS 132(R)-1 is effective for financial statements issued for fiscal years ending after December 15, 2009, the year ending December 26, 2009 for the Company.

In April 2009, the FASB issued FSP No. FAS 157-4 ("FSP FAS 157-4"), "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability has Significantly Decreased and Identifying Transactions That Are Not Orderly" and FSP No. FAS 115-2 and FAS 124-2 ("FSP FAS 115-2"), "Recognition and Presentation of Other-Than-Temporary Impairments". These two FSPs were issued to provide additional guidance about (1) measuring the fair value of financial instruments when the markets become inactive and quoted prices may reflect distressed transactions, and (2) recording impairment charges on investments in debt instruments. Additionally, the FASB issued FSP No. FAS 107-1 and APB 28-1 ("FSP FAS 107-1"), "Interim Disclosures about Fair Value of Financial Instruments," to require disclosures of fair value of certain financial instruments in interim financial statements. We do not anticipate the adoption of these FSPs will materially impact the Company. These FSPs are effective for financial statements issued for interim and annual reporting periods ending after June 15, 2009, the quarter ending September 5, 2009 for the Company.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("SFAS 165"). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We do not anticipate the adoption of SFAS 165 will materially impact the Company. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009, the quarter ending September 5, 2009 for the Company.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140" ("SFAS 166") and SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)" ("SFAS 167"). SFAS 166 will require more information about transfers of financial assets, eliminates the qualifying special purpose entity (QSPE) concept, changes the requirements for derecognizing financial assets and requires additional disclosures. SFAS 167 amends FASB Interpretation No. 46(R), "Consolidation of Variable Interest Entities" regarding certain guidance for determining whether an entity is a variable interest entity and modifies the methods allowed for determining the primary beneficiary of a variable interest entity. In addition, SFAS 167 requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and enhanced disclosures related to an enterprise's involvement in a variable interest entity. We are evaluating whether the adoption of SFAS 166 and SFAS 167 will require the Company to consolidate an entity that provides loans 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. The consolidation of this entity would increase the Company's long-term debt by approximately $49 million with a corresponding increase to receivables. See Note 13 for additional information regarding this franchisee loan program. SFAS 166 and SFAS 167 are effective for the first annual reporting period that begins after November 15, 2009, our fiscal 2010.

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification ™ and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162" ("SFAS 168"). SFAS 168 provides for the FASB Accounting Standards Codification ™ (the "Codification") to become the single official source of authoritative, nongovernmental U.S. generally accepted accounting principles (GAAP). The Codification did not change GAAP but reorganizes the literature. SFAS 168 is effective for interim and annual periods ending after September 15, 2009, the quarter ending December 26, 2009 for the Company.

Note 7 - Other (Income) Expense

	Quarter ended		Year to date	
	6/13/09	6/14/08	6/13/09	6/14/08
Equity income from investments in unconsolidated affiliates	$ (7)	$ (9)	$ (17)	$ (20)
Gain upon consolidation of former unconsolidated affiliate in China [(a)]	(68)	—	(68)	—
Gain upon sale of investment in unconsolidated affiliate [(b)]	—	—	—	(100)
Foreign exchange net (gain) loss and other	—	(4)	1	(10)
Other (income) expense	$ (75)	$ (13)	$ (84)	$ (130)

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

(b) Reflects the gain recognized on the sale of our interest in our unconsolidated affiliate in Japan. See our 2008 Form 10-K for further discussion of this transaction.

Note 8 – Supplemental Balance Sheet Information

	6/13/09	12/27/08
Accounts and notes receivable	$ 305	$ 252
Allowance for doubtful accounts	(27)	(23)
Accounts and notes receivable, net	$ 278	$ 229
Property, plant and equipment, gross	$ 7,093	$ 6,897
Accumulated depreciation and amortization	(3,286)	(3,187)
Property, plant and equipment, net	$ 3,807	$ 3,710

Note 9 - Reportable Operating Segments

In connection with our U.S. business transformation measures our reported segment results began reflecting increased allocations of certain expenses in 2009 that were previously reported as unallocated and corporate G&A expenses. While our consolidated results were not impacted, we believe the revised allocation better aligns costs with accountability of our segment managers. These revised allocations are being used by our Chairman and Chief Executive Officer, in his role as chief operating decision maker, in his assessment of operating performance. We have restated segment information for the quarter and year to date ended June 14, 2008 to be consistent with the current period presentation. This resulted in a $15 million decrease in Unallocated and corporate G&A expense and increases in U.S. and YRI G&A expense of $13 million and $2 million, respectively, for the quarter ended June 14, 2008, and a $27 million decrease in Unallocated and corporate G&A expense and increases in U.S. and YRI G&A expense of $24 million and $3 million, respectively, for the year to date ended June 14, 2008.

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

	Quarter ended		Year to date	
Revenues	6/13/09	6/14/08	6/13/09	6/14/08
United States	$ 1,099	$ 1,226	$ 2,145	$ 2,418
YRI [(a)]	588	730	1,169	1,431
China Division [(b)]	793	703	1,410	1,223
Unallocated Franchise and license fees and income [(c)(f)]	(4)	—	(31)	—
	$ 2,476	$ 2,659	$ 4,693	$ 5,072

	Quarter ended		Year to date	
Operating Profit	6/13/09	6/14/08	6/13/09	6/14/08
United States	$ 169	$ 155	$ 326	$ 301
YRI	100	118	223	256
China Division [(d)]	105	92	236	195
Unallocated Franchise and license fees and income [(c)(f)]	(4)	—	(31)	—
Unallocated and corporate G&A expenses [(f)]	(43)	(53)	(89)	(95)
Unallocated Other income (expense) [(e)(f)]	68	4	67	110
Unallocated Refranchising gain (loss) [(f)]	(1)	1	13	(24)
Operating Profit	394	317	745	743
Interest expense, net	(43)	(52)	(96)	(105)
Income Before Income Taxes	$ 351	$ 265	$ 649	$ 638

(a) Includes revenues of $236 million and $296 million for the quarters ended June 13, 2009 and June 14, 2008, respectively, and $469 million and $591 million for the years to date ended June 13, 2009 and June 14, 2008, respectively, for entities in the United Kingdom.

(b) Includes revenues of approximately $727 million and $625 million for the quarters ended June 13, 2009 and June 14, 2008, respectively, and approximately $1.3 billion and $1.1 billion for the years to date ended June 13, 2009 and June 14, 2008, respectively, in mainland China.

(c) Amount consists of reimbursements to, or obligations to reimburse, KFC franchisees for installation costs of ovens for the national launch of Kentucky Grilled Chicken. See Note 4.

(d) Includes equity income from investments in unconsolidated affiliates of $7 million and $9 million for the quarters ended June 13, 2009 and June 14, 2008, respectively, and $17 million and $19 million for years to date ended June 13, 2009 and June 14, 2008, respectively, for the China Division.

(e) The quarter and year to date ended June 13, 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. The year to date ended June 14, 2008 includes a $100 million gain recognized on the sale of our interest in our unconsolidated affiliate in Japan. See our 2008 Form 10-K for further discussion of this transaction.

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

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. plans 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	
	6/13/09	6/14/08	6/13/09	6/14/08
Service cost	$ 6	$ 7	$ 1	$ 2
Interest cost	14	12	1	2
Expected return on plan assets	(14)	(12)	(2)	(3)
Amortization of net loss	3	1	1	—
Net periodic benefit cost	$ 9	$ 8	$ 1	$ 1

	U.S. Pension Plans		International Pension Plans	
	Year to date		Year to date	
	6/13/09	6/14/08	6/13/09	6/14/08
Service cost	$ 12	$ 14	$ 2	$ 4
Interest cost	27	24	3	4
Expected return on plan assets	(27)	(24)	(3)	(5)
Amortization of net loss	6	3	1	—
Net periodic benefit cost	$ 18	$ 17	$ 3	$ 3

We made contributions of $84 million to the Plan during the year to date ended June 13, 2009. Required contributions to the Plan, if any, for the remainder of 2009 are not expected to be significant. However, we may choose to make additional discretionary contributions as part of our overall capital structure strategy. We contributed $6 million to our U.K. plans during the year to date ended June 13, 2009. The U.K. plans are currently under review to determine if additional pension funding payments will be committed to in 2009.

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 debt. Under the contracts, we agree with other parties to exchange, at specified intervals, the difference between variable rate and fixed rate amounts calculated on a notional principal amount. At June 13, 2009, our interest rate derivative instruments outstanding had notional amounts of $625 million. These swaps have reset dates and floating rate indices which match those of our underlying fixed-rate debt and have been designated as fair value hedges of a portion of that debt. As the swaps qualify for the short-cut method under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", 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 June 13, 2009, foreign currency forward contracts outstanding had a total notional amount of $512 million.

The fair values of derivatives designated as hedging instruments under SFAS 133 at the quarter ended June 13, 2009 were:

	Fair Value	Condensed Consolidated Balance Sheet Location
Interest Rate Swaps	$ 40	Other assets
Foreign Currency Forwards – Asset	25	Prepaid expenses and other current assets
Foreign Currency Forwards – Liability	(8)	Accounts payable and other current liabilities
Total	$ 57	

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 $35 million to long-term debt at June 13, 2009. During the quarter and year to date ended June 13, 2009, Interest expense, net was reduced by $15 million and $18 million, respectively, for recognized gains on these interest rate swaps, including $13 million related to the settlement of interest rate swaps that were hedging the 2012 Senior Notes that were extinguished (See Note 4).

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 in the quarter and year to date ended June 13, 2009.

	Quarter ended	Year to date
Gains (losses) recognized into OCI, net of tax	$ (9)	$ 5
Gains (losses) reclassified from Accumulated OCI into income, net of tax	$ (9)	$ (3)

The gains/losses reclassified from Accumulated OCI into income were recognized as Other income 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 quarter and year to date ended June 13, 2009.

Additionally, we had a net deferred loss of $10 million, net of tax, as of June 13, 2009 within Accumulated OCI due to treasury locks and forward starting interest rate swaps that were cash settled in previous years. The majority of this loss arose from the settlement of forward starting interest rate swaps entered into prior to the issuance of Senior Unsecured Notes due in 2037 and is being reclassified into earnings through 2037 to interest expense. In the quarter and year to date ended June 13, 2009, an insignificant amount was reclassified from Accumulated OCI to Interest expense, net as a result of these 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. Recent adverse developments in the global financial and credit markets could negatively impact the creditworthiness of our counterparties and cause one or more of our counterparties to fail to perform as expected. 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 June 13, 2009, 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 Measurements

The following table presents the fair values for those assets and liabilities measured on a recurring basis as of June 13, 2009 and December 27, 2008:

		Fair Value Measurements at June 13, 2009		
Description	Total	Level 1 [a]	Level 2 [b]	Level 3 [c]
Foreign Currency Forwards, net	$ 17	$ —	$ 17	$ —
Interest Rate Swaps, net	40	—	40	—
Other Investments [d]	11	11	—	—
Total	$ 68	$ 11	$ 57	$ —

		Fair Value Measurements at December 27, 2008		
Description	Total	Level 1 [a]	Level 2 [b]	Level 3 [c]
Foreign Currency Forwards, net	$ 12	$ —	$ 12	$ —
Interest Rate Swaps, net	62	—	62	—
Other Investments [d]	10	10	—	—
Total	$ 84	$ 10	$ 74	$ —

The following table presents the fair values for those assets and liabilities measured on a non-recurring basis and remaining on our Condensed Consolidated Balance Sheet as of June 13, 2009 and the losses recognized from all such measurements during the quarter and year to date ended June 13, 2009:

		Fair Value Measurements Using			Total Losses	
Description	As of June 13, 2009	Level 1 [a]	Level 2 [b]	Level 3 [c]	Quarter	Year to date
Long-lived assets held for use	$ 19	$ —	$ —	$ 19	$ 21	$ 24

(a) Inputs based upon quoted prices in active markets for identical assets.

(b) Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

(c) Inputs that are unobservable for the asset.

(d) 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.

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), we review our long-lived assets (primarily property, plant and equipment and allocated intangible assets subject to amortization) related to each restaurant that we are currently operating and have not offered to refranchise, semi-annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable. We evaluate restaurants using a "two-year history of operating losses" as our primary indicator of potential impairment. Based on the best information available, we write down an impaired restaurant to its estimated fair market value, which becomes its new cost basis. Fair value is determined by discounting the forecasted after tax cash flows of the restaurant. The discount rate is our estimate of the required rate of return that a third-party buyer would expect to receive when purchasing a restaurant or groups of restaurants and its related long-lived assets. The discount rate incorporates observed rates of returns for historical refranchising market transactions and we believe it is commensurate with the risks and uncertainty inherent in the forecasted cash flows. We limit assumptions about important factors such as sales growth and margin improvement to those that are supportable based upon our plans for the store and actual results at comparable restaurants.

Additionally, when we have offered to refranchise stores or groups of stores for a price less than their carrying value, but do not believe the store(s) have met the criteria to be classified as held for sale, we recognize impairment at the offer date for any excess of carrying value over the expected sales proceeds plus holding period cash flows, if any. Such impairment is classified as refranchising loss.

Long-lived assets held for use presented in the table above include restaurants or groups of restaurants that were impaired as a result of our semi-annual impairment review or restaurants not meeting held for sale criteria that have been offered for sale at a price less than their carrying value during the quarter and year to date ended June 13, 2009. Of the $21 million in impairment charges shown in the table above for the quarter ended June 13, 2009, $17 million was included in Closures and impairment (income) expenses and $4 million was included in Refranchising (gain) loss in the Condensed Consolidated Statements of Income. For the $24 million of impairment charges shown in the table above for the year to date ended June 13, 2009, $17 million was included in Closures and impairment (income) expenses and $7 million was included in Refranchising (gain) loss.

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 June 13, 2009, the potential amount of undiscounted payments we could be required to make in the event of non-payment by the primary lessee was approximately $475 million. The present value of these potential payments discounted at our pre-tax cost of debt at June 13, 2009 was approximately $375 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 June 13, 2009 was not material.

Franchise Loan Pool and Equipment Guarantees

We have provided a partial guarantee of approximately $15 million of a franchisee loan 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 at June 13, 2009. We have also provided two letters of credit totaling approximately $23 million in support of the franchisee loan program. 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 approximately $49 million at June 13, 2009.

In addition to the guarantee described above, YUM has provided guarantees of approximately $37 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. We have provided a letter of credit totaling $5 million which could be used if we fail to meet our obligations under our guarantee under one equipment financing program. The total loans outstanding under these equipment financing programs were approximately $46 million at June 13, 2009.

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 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.

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

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 in accordance with SFAS No. 5, "Accounting for Contingencies."

On November 26, 2001, Kevin Johnson, a former 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 an arbitration with the American Arbitration Association ("AAA") (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, and again on February 28, 2009, without reaching resolution. Arbitration on liability during a portion of the alleged restitution policy period is currently scheduled for November, 2009.

LJS expects that, based on the rulings issued to date in this matter, the Cole Arbitration will more likely than not proceed 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 the reasonable settlement value of this and other wage and hour litigation matters. 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 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 from August 2002 to the present. 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. As of September 7, 2006, both cases have been consolidated in San Diego County.

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. A hearing on plaintiffs' class certification motion has been continued to September 25, 2009.

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 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 for the defendants within the last four years 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. , is 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.

Taco Bell moved to consolidate the Medlock , Hardiman , Leyva and Naranjo matters and the court granted the motion to consolidate on May 19, 2009. The consolidated case is styled In Re Taco Bell Wage and Hour Actions . Plaintiffs filed a consolidated complaint on June 29, 2009, and the court set a filing deadline of August 26, 2010 for motions regarding class certification. The hearing on any class certification motion is currently scheduled for January 2011. Discovery is underway.

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 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. This case appears to be duplicative of Taco Bell's pending consolidated hourly class action case (In Re Taco Bell Wage and Hour Actions). 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 where the In Re Taco Bell Wage and Hour Actions case is pending and was subsequently transferred to the same district court judge. Taco Bell requested that the court consolidate this case with the In Re Taco Bell Wage and Hour Actions , and the court deferred its decision pending a noticed motion.

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 will not go forward as a class action. Plaintiff seeks recovery of civil penalties under the California Private Attorney General Act as a representative of other "aggrieved employees." Discovery is now complete, and a trial date has been set for August 11, 2009.

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.

Pursuant to the parties' agreement, on or about August 31, 2004, the District Court ordered that the trial of this action be bifurcated so that stage one will resolve plaintiffs' claims for equitable relief and stage two will resolve plaintiffs' claims for damages. The parties are currently proceeding with the equitable relief stage of this action.

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. The court granted Taco Bell's request for an extension to file its motion for summary judgment on the ADA claims until October 20, 2009. A hearing on the motion is now scheduled for December 16, 2009.

Taco Bell has denied liability and intends to vigorously defend against all claims in this lawsuit. Taco Bell has taken certain 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, alleges 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. An arbitration panel has been selected, and the arbitration is currently scheduled for September, 2009. The Company 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.

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 27, 2008. 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. These amounts are derived by translating current year results at prior year average exchange rates. We believe the elimination of the foreign currency translation impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.

- System sales growth includes the results of all restaurants regardless of ownership, including Company-owned, franchise, unconsolidated affiliate and license restaurants. Sales of franchise, unconsolidated affiliate and license restaurants generate franchise and license fees for the Company (typically at a rate of 4% to 6% of sales). Franchise, unconsolidated affiliate and license restaurant sales are not included in Company sales on the 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 margin as a percentage of sales is defined as Company sales less expenses incurred directly by our Company restaurants in generating Company sales 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 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 more than 36,000 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 36,000 restaurants, 21% are operated by the Company, 73% are operated by franchisees and unconsolidated affiliates and 6% are operated by licensees.

YUM's business consists of three reporting segments: United States, YUM Restaurants International ("YRI" or "International Division") and YUM Restaurants China ("China Division"). The China Division includes mainland China ("China"), Thailand and KFC Taiwan, and YRI includes the remainder of our international operations. The China Division and YRI have been experiencing dramatic growth and now represent nearly 60% of the Company's operating profits. The U.S. business operates in a highly competitive marketplace resulting in slower profit growth, but continues to produce strong cash flows.

Strategies

The Company continues to focus on four key strategies:

Build Leading Brands in China in Every Significant Category – The Company has developed the KFC and Pizza Hut brands into the leading quick service and casual dining restaurants, respectively, in mainland China. Additionally, the Company owns and operates the distribution system for its restaurants in mainland China which we believe provides a significant competitive advantage. Given this strong competitive position, a rapidly growing economy and a population of 1.3 billion in mainland China, the Company is rapidly adding KFC and Pizza Hut Casual Dining restaurants and testing the additional restaurant concepts of Pizza Hut Home Service (pizza delivery) and East Dawning (Chinese food). Our ongoing earnings growth model includes annual system-sales growth of 20% in mainland China driven by new unit development each year, which we expect to drive annual Operating Profit growth of 20% in the China Division.

Drive Aggressive International Expansion and Build Strong Brands Everywhere – The Company and its franchisees opened over 900 new restaurants in 2008 in the Company's International Division, representing 9 straight years of opening over 700 restaurants. The International Division generated $528 million in Operating Profit in 2008 up from $186 million in 1998. The Company expects to continue to experience strong growth by building our existing markets and growing in new markets including India, France and Russia. Our ongoing earnings growth model includes annual Operating Profit growth of 10% driven by new unit development and same store sales growth for YRI. New unit development is expected to contribute to system sales growth of at least 6% each year.

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 are the leader in multibranding, with more than 5,000 restaurants providing customers two or more of our brands at a single location. 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% to 3% and leverage of our General and Administrative ("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 share repurchases and dividends. The Company has one of the highest returns on invested capital in the Quick Service Restaurants ("QSR") industry. Additionally, 2008 was the fourth consecutive year in which the Company returned over $1.1 billion to its shareholders through share repurchases and dividends. The Company is targeting an annual dividend payout ratio of 35% to 40% of net income.

Details of our 2009 Guidance by division and updates can be found online at http://www.yum.com/investors .

Quarter Ended June 13, 2009 Highlights

- International development of 328 new restaurants including 118 new units in mainland China and 193 in YRI.
- Worldwide system sales growth prior to foreign currency translation of 3% including 8% in mainland China, 6% in YRI, and a 1% decline in the U.S.
- Worldwide restaurant margin improved 1.7 percentage points driven by the combination of prior year pricing, flat commodity costs and refranchising; all three divisions improved margins.
- Worldwide operating profit growth of 31%, excluding foreign currency translation, including a $68 million gain recognized upon the consolidation of an entity that operates KFCs in Shanghai, China. Each of our divisions generated profit growth: 11% in the China Division, 8% in the U.S. and 6% for YRI.
- EPS growth was negatively impacted by foreign currency translation of approximately $0.03 per share partially offset by the benefit of last year's substantial share repurchases, which reduced average shares outstanding by 3%.

All preceding comparisons are versus the same period a year ago.

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 June 13, 2009 and June 14, 2008 and/or could impact comparability with the remainder of our results in 2009 or beyond. Certain of these factors were previously discussed in our 2008 Form 10-K.

Restaurant Margin

In the U.S., restaurant margin as a percentage of sales increased 2.3 percentage points and 1.6 percentage points versus the quarter and year to date ended June 14, 2008, respectively. In the China Division, restaurant margin as a percentage of sales increased 0.8 percentage points and 1.2 percentage points versus the quarter and year to date ended June 14, 2008, respectively. These improvements were largely driven by pricing actions we took or have previously taken, as well as moderating commodity inflation partially offset by lower same store sales. For the quarter ended June 13, 2009, we experienced commodity deflation of $4 million in both our U.S. and China Divisions. For the year ended June 13, 2009 U.S. commodity inflation was $5 million and the China Division experienced commodity deflation of $1 million. We expect the commodity deflation to continue in the second half of 2009 resulting in commodity deflation of about $10 million in the U.S. and nearly $50 million in the China Division for the balance of the year. On a full year basis, same store sales are expected to decline slightly in the U.S. and remain about flat in mainland China partially offsetting this anticipated commodity deflation. For the full year we anticipate that the U.S. and China Divisions restaurant margins will each be up at least 1 percentage point versus 2008.

YRI's restaurant margin as a percentage of sales in the second half of 2009 is expected to be positively impacted by same store sales growth partially offset by moderate commodity inflation. YRI's commodity costs, as compared to the U.S. and China Divisions, are more significantly impacted by a higher percentage of fixed price commodity commitments and the impact of a strengthening U.S. Dollar on commodity purchases denominated in that currency.

Impact of Foreign Currency Translation on Operating Profit

Changes in foreign currency exchange rates negatively impacted the translation of our foreign currency denominated Operating Profit in our International Division by $24 million and $45 million for the quarter and year to date ended June 13, 2009, respectively, and positively impacted Operating Profit in our China Division by $3 million and $9 million for the quarter and year to date ended June 13, 2009, respectively. Given the nature and volatility of the foreign currency markets the full year forecasted foreign currency impact is difficult to quantify. However, for YRI we currently expect Operating Profit to be negatively impacted by foreign currency translation of nearly $25 million in the second half of the year. We do not anticipate that the impact of foreign currency translation on the China Division's Operating Profit will be significant in the remainder of 2009.

U.S. Business Transformation

As part of our plan to transform our U.S. business we took several measures in 2008 and are taking similar measures in 2009 that we do not believe are indicative of our ongoing operations. These measures ("the U.S. business transformation measures") include: expansion of our U.S. refranchising, potentially reducing our Company ownership in the U.S. to below 10%; charges relating to 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. As discussed in Note 4, we are not including the impacts of these U.S. business transformation measures in our U.S. segment for performance reporting purposes.

We recorded pre-tax gains of $1 million and $15 million from refranchising in the U.S. for the quarter and year to date ended June 13, 2009, respectively. We recorded a pre-tax gain of $1 million and a pre-tax loss of $25 million from refranchising in the U.S. for the quarter and year to date ended June 14, 2008, respectively. The refranchising losses recorded for the year to date ended June 14, 2008 were primarily due to our refranchising of, or our offers to refranchise, stores or groups of stores for a price less than their carrying values. The refranchising gains and losses are more fully discussed in Note 4 and the Store Portfolio Strategy Section of the MD&A.

In connection with our G&A productivity initiatives and realignment of resources we recorded pre-tax charges of $5 million and $2 million in the quarters ended June 13, 2009 and June 14, 2008, respectively. In the years to date ended June 13, 2009 and June 14, 2008, we recorded pre-tax charges of $9 million and $7 million, respectively.

Additionally, the Company recognized a reduction to Franchise and license fees and income of $4 million and $31 million, pre-tax, in the quarter and year to date ended June 13, 2009, respectively, related to investments in our U.S. Brands. These investments reflect our reimbursements to, or obligations to reimburse, KFC franchisees for installation costs of ovens for the national launch of Kentucky Grilled Chicken. In the quarter and year to date ended June 14, 2008, the Company recognized pre-tax expense of $2 million and $3 million, respectively, related to the investments in our U.S. Brands.

In 2009, we currently expect to refranchise 500 restaurants in the U.S. The impact of this refranchising on our 2009 results will be determined by the stores that we are able to sell and the specific prices we are able to obtain for these stores.

We currently anticipate ongoing G&A savings of at least $70 million, primarily within the U.S. segment, as a result of the U.S. business transformation measures we took in 2008 and are taking in 2009.

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%. This entity has historically been 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 Statement of Financial Accounting Standards ("SFAS") No. 141(R), "Business Combinations", we remeasured our previously held 51% ownership, which had a recorded value of $17 million at the date of acquisition, in the entity at fair value and recognized a gain of $68 million accordingly. This gain, which resulted in no related income tax expense, was recorded in Other (income) expense in our Condensed Consolidated Statements of Income 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 through May 31, 2009 (our China Division's second quarter end), we reported Company sales and the associated restaurant costs, general and administrative expense, interest expense and income taxes associated with the restaurants previously unconsolidated in the appropriate line items of our Condensed Consolidated Statement of Income. We no longer recorded franchise fee income for these restaurants nor did we report Other (income) expense as we did under the equity method of accounting. Net income attributable to our partner's ownership percentage is recorded as Net Income-noncontrolling interest within our Condensed Consolidated Statements of Income. For the quarter ended June 13, 2009 the consolidation of this entity increased Company sales by $23 million and decreased Franchise and license fees and income by $1 million. The impacts of consolidation on all other line items within our Condensed Consolidated Statement of Income were not significant for the quarter ended June 13, 2009. For the full year we expect the China Division's Company sales to increase by approximately $200 million and Franchise and license fees and income to decrease by approximately $12 million as a result of this transaction. We do not expect the full year impact on Operating Profit or Net Income – YUM! Brands, Inc. to be significant.

Sale of our Interest in Our Unconsolidated Affiliate in Japan

During the year to date ended June 14, 2008 we recorded a pre-tax gain of approximately $100 million related to the sale of our interest in our unconsolidated affiliate in Japan. This gain was recorded in Other (income) expenses in our Condensed Consolidated Statement of Income and was not allocated to any segment for performance reporting purposes.

Segment Reporting Changes

In connection with our U.S. business transformation measures our reported segment results began reflecting increased allocations of certain expenses in 2009 that were previously reported as unallocated and corporate G&A expenses. While our consolidated results were not impacted, we believe the revised allocation better aligns costs with accountability of our segment managers. These revised allocations are being used by our Chairman and Chief Executive Officer, in his role as chief operating decision maker, in his assessment of operating performance. We have restated segment information for the quarter and year to date ended June 14, 2008 to be consistent with the current period presentation and will restate previously reported 2008 quarters as they are reported in 2009.

The following table summarizes the 2008 quarterly impact of the revised allocations by segment:

Increase/(Decrease)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
U.S. G&A	$ 11	$ 13	$ 12	$ 17	$ 53
YRI G&A	1	2	1	2	6
Unallocated and corporate G&A expenses	(12)	(15)	(13)	(19)	(59)

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 18%. Consistent with this strategy, 188 Company restaurants in the U.S. were sold to franchisees, for a net gain of $15 million, in the year to date ended June 13, 2009. We currently anticipate refranchising 500 units in the U.S. in 2009 for approximately $175 million in proceeds.

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 2008 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	
	6/13/09	6/14/08	6/13/09	6/14/08
Number of units refranchised	85	170	205	207
Refranchising proceeds, pre-tax	$ 27	$ 47	$ 63	$ 66
Refranchising (gain) loss, pre-tax	$ 1	$ (1)	$ (13)	$ 24

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 6/13/09			
	U.S.	YRI	China Division	Worldwide
Decreased Company sales	$ (167)	$ (21)	$ (1)	$ (189)
Increased Franchise and license fees and income	10	1	—	11
Decrease in Total revenues	$ (157)	$ (20)	$ (1)	$ (178)

	Year to date ended 6/13/09			
	U.S.	YRI	China Division	Worldwide
Decreased Company sales	$ (324)	$ (37)	$ (2)	$ (363)
Increased Franchise and license fees and income	18	2	—	20
Decrease in Total revenues	$ (306)	$ (35)	$ (2)	$ (343)

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

	Quarter ended 6/13/09			
	U.S.	YRI	China Division	Worldwide
Decreased Restaurant profit	$ (16)	$ (1)	$ —	$ (17)
Increased Franchise and license fees and income	10	1	—	11
Decreased G&A	4	—	—	4
Increase (decrease) in Operating Profit	$ (2)	$ —	$ —	$ (2)

	Year to date ended 6/13/09			
	U.S.	YRI	China Division	Worldwide
Decreased Restaurant profit	$ (33)	$ (1)	$ —	$ (34)
Increased Franchise and license fees and income	18	2	—	20
Decreased G&A	7	—	—	7
Increase (decrease) in Operating Profit	$ (8)	$ 1	$ —	$ (7)

Results of Operations

	Quarter ended			Year to date		
	6/13/09	6/14/08	% B/(W)	6/13/09	6/14/08	% B/(W)
Company sales	$ 2,152	$ 2,323	(7)	$ 4,070	$ 4,417	(8)
Franchise and license fees and income	324	336	(4)	623	655	(5)
Total revenues	$ 2,476	$ 2,659	(7)	$ 4,693	$ 5,072	(7)
Company restaurant profit	$ 324	$ 311	4	$ 632	$ 619	2
% of Company sales	15.1%	13.4%	1.7 ppts.	15.5%	14.0%	1.5 ppts.
Operating Profit	394	317	25	745	743	—
Interest expense, net	43	52	15	96	105	8
Income tax provision	45	40	(13)	124	157	21
Net Income – including noncontrolling interest	306	225	35	525	481	9
Net Income – noncontrolling interest	3	1	(31)	4	3	(14)
Net Income – YUM! Brands, Inc.	$ 303	$ 224	35	$ 521	$ 478	9
Diluted earnings per share [(a)]	$ 0.63	$ 0.45	40	$ 1.08	$ 0.95	14

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

Restaurant Unit Activity

Worldwide	Company	Unconsolidated Affiliates	Franchisees	Total Excluding Licensees [a]
Beginning of year	7,568	645	25,911	34,124
New Builds	222	41	440	703
Acquisitions	42	—	(42)	—
Refranchising	(205)	—	204	(1)
Closures	(59)	(4)	(309)	(372)
Other [b]	236	(236)	(4)	(4)
End of quarter	7,804	446	26,200	34,450
% of Total	23%	1%	76%	100%

United States	Company	Unconsolidated Affiliates	Franchisees	Total Excluding Licensees [a]
Beginning of year	3,314	—	14,482	17,796
New Builds	10	—	109	119
Acquisitions	42	—	(42)	—
Refranchising	(188)	—	187	(1)
Closures	(15)	—	(168)	(183)
Other	—	—	(1)	(1)
End of quarter	3,163	—	14,567	17,730
% of Total	18%	—	82%	100%

YRI	Company	Unconsolidated Affiliates	Franchisees	Total Excluding Licensees [a]
Beginning of year	1,589	—	11,157	12,746
New Builds	19	—	319	338
Acquisitions	—	—	—	—
Refranchising	(15)	—	15	—
Closures	(19)	—	(139)	(158)
Other	—	—	(3)	(3)
End of quarter	1,574	—	11,349	12,923
% of Total	12%	—	88%	100%

China Division	Company	Unconsolidated Affiliates	Franchisees	Total
Beginning of year	2,665	645	272	3,582
New Builds	193	41	12	246
Acquisitions	—	—	—	—
Refranchising	(2)	—	2	—
Closures	(25)	(4)	(2)	(31)
Other [(b)]	236	(236)	—	—
End of quarter	3,067	446	284	3,797
% of Total	81%	12%	7%	100%

(a) The Worldwide, U.S. and YRI totals exclude 2,162, 1,994 and 168 licensed units, respectively, at June 13, 2009. 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) During the second quarter of 2009 we acquired additional ownership in and began consolidating an entity that operates the KFC business in Shanghai, China and have reclassified the units accordingly. This entity was previously accounted for as an unconsolidated affiliate.

Multibrand restaurants are included in the totals above. Multibrand conversions increase the sales and points of distribution for the second brand added to a restaurant but do not result in an additional unit count. Similarly, a new multibrand restaurant, while increasing sales and points of distribution for two brands, results in just one additional unit count. Franchise unit counts include both franchisee and unconsolidated affiliate multibrand units. Multibrand restaurant totals at June 13, 2009 were as follows:

	Company	Franchisees	Total
United States	1,494	3,534	5,028
YRI	—	382	382
Worldwide	1,494	3,916	5,410

For the year to date ended June 13, 2009, Company and franchise multibrand unit gross additions were 18 and 467, respectively. There are no multibrand units in the China Division.

System Sales Growth

System sales growth includes the results of all restaurants regardless of ownership, including Company-owned, franchise, unconsolidated affiliate and license restaurants. The following table details the key drivers of system sales growth for each reportable segment for the quarter. Same store sales growth is the estimated growth in sales of all restaurants that have been open one year or more. 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 6/13/09 vs. Quarter ended 6/14/08			
	U.S.	YRI	China Division	Worldwide
Same store sales growth (decline)	(1)%	1%	(4)%	(1)%
Net unit growth and other	—	5	11	4
Foreign currency translation ("forex")	N/A	(18)	1	(7)
% Change	(1)%	(12)%	8%	(4)%
% Change, excluding forex	N/A	6%	7%	3%

	Year to date ended 6/13/09 vs. Year to date ended 6/14/08			
	U.S.	YRI	China Division	Worldwide
Same store sales growth (decline)	(2)%	4%	(2)%	—%
Net unit growth and other	1	4	11	3
Foreign currency translation ("forex")	N/A	(15)	2	(5)
% Change	(1)%	(7)%	11%	(2)%
% Change, excluding forex	N/A	8%	9%	3%

Revenues

Company sales were as follows:

	Quarter ended		Year to date	
	6/13/09	6/14/08	6/13/09	6/14/08
U.S.	$ 923	$ 1,059	$ 1,805	$ 2,093
YRI	451	577	883	1,129
China Division	778	687	1,382	1,195
Worldwide	$ 2,152	$ 2,323	$ 4,070	$ 4,417

The following table details the key drivers of the quarter-over-quarter and year-over-year changes of Company sales. Same store sales growth is the estimated growth in sales of all restaurants that have been open one year or more. Net unit growth represents the net impact of actual sales due to new unit openings and historical sales due to closures. Refranchising represents the amount of Company sales for the periods in the prior quarter or prior year to date while the Company operated the restaurants but did not operate them in the current quarter or current year to date. Other represents the impact of acquisitions, unusual or significant items and roundings.

The percentage changes in Company sales by quarter and year to date were as follows:

	Quarter ended 6/13/09 vs. Quarter ended 6/14/08			
	U.S.	YRI	China Division	Worldwide
Same store sales growth (decline)	—%	3%	(3)%	—%
Net unit growth	1	4	11	5
Refranchising	(16)	(4)	—	(8)
Other	2	1	4	1
Foreign currency translation (“forex”)	N/A	(26)	1	(5)
% Change	(13)%	(22)%	13%	(7)%
% Change, excluding forex	N/A	4%	12%	(2)%

	Year to date ended 6/13/09 vs. Year to date ended 6/14/08			
	U.S.	YRI	China Division	Worldwide
Same store sales growth (decline)	(1)%	3%	(1)%	—%
Net unit growth	1	4	12	5
Refranchising	(15)	(3)	—	(8)
Other	1	(1)	2	1
Foreign currency translation (“forex”)	N/A	(25)	3	(6)
% Change	(14)%	(22)%	16%	(8)%
% Change, excluding forex	N/A	3%	13%	(2)%

The China Division Other includes 3% and 2% for the quarter and year to date ended June 13, 2009, respectively, related to the acquisition in, and consolidation of, an entity that operates the KFCs in Shanghai, China. See Note 4 for a further discussion of this transaction.

Franchise and license fees and income was as follows:

	Quarter ended		% Increase (Decrease)	% Increase (Decrease) excluding forex
	6/13/09	6/14/08		
U.S.	$ 176	$ 167	5	N/A
YRI	137	153	(11)	6
China Division	15	16	(6)	(7)
Unallocated Franchise and license fees and income	(4)	—	—	N/A
Worldwide	$ 324	$ 336	(4)	4

	Year to date		% Increase (Decrease)	% Increase (Decrease) excluding forex
	6/13/09	6/14/08		
U.S.	$ 340	$ 325	5	N/A
YRI	286	302	(5)	9
China Division	28	28	2	(1)
Unallocated Franchise and license fees and income	(31)	—	—	N/A
Worldwide	$ 623	$ 655	(5)	2

Worldwide Franchise and license fees and income included reductions of $4 million, or 1%, and $31 million, or 5% for the quarter and year to date ended June 13, 2009, respectively, as a result of our reimbursements to, or obligations to reimburse, 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.

U.S. Franchise and license fees and income for both the quarter and year to date ended June 13, 2009 were positively impacted by 5% due to the impact of refranchising.

Company Restaurant Margins

	Quarter ended 6/13/09			
	U.S.	YRI	China Division	Worldwide
Company sales	100.0%	100.0%	100.0%	100.0%
Food and paper	29.3	32.1	35.7	32.2
Payroll and employee benefits	29.5	26.1	14.7	23.5
Occupancy and other operating expenses	26.5	30.7	31.7	29.2
Company restaurant margin	14.7%	11.1%	17.9%	15.1%

	Quarter ended 6/14/08			
	U.S.	YRI	China Division	Worldwide
Company sales	100.0%	100.0%	100.0%	100.0%
Food and paper	30.7	31.7	37.7	33.0
Payroll and employee benefits	30.4	26.5	14.5	24.7
Occupancy and other operating expenses	26.5	31.2	30.7	28.9
Company restaurant margin	12.4%	10.6%	17.1%	13.4%

The increase in U.S. restaurant margin as a percentage of sales was driven by the combination of pricing actions we have previously taken and commodity deflation (primarily cheese). Additionally, our U.S. restaurant margin was positively impacted by refranchising and labor cost savings associated with productivity initiatives.

The increase in YRI restaurant margin as a percentage of sales was driven primarily by the impact of same store sales growth, partially offset by the impact of higher commodity and occupancy costs. The impact of lower margins associated with new units during the initial periods of operations also negatively impacted restaurant margin as a percentage of sales.

The increase in China Division restaurant margin as a percentage of sales was driven by the combination of pricing actions we have previously taken and commodity deflation. The increase was partially offset by the impact of lower margins associated with new units during the initial periods of operation and same store transaction declines.

	Year to date ended 6/13/09			
	U.S.	YRI	China Division	Worldwide
Company sales	100.0%	100.0%	100.0%	100.0%
Food and paper	29.0	32.1	36.0	32.1
Payroll and employee benefits	30.1	25.7	13.9	23.6
Occupancy and other operating expenses	26.9	30.6	30.0	28.8
Company restaurant margin	14.0%	11.6%	20.1%	15.5%

	Year to date ended 6/14/08			
	U.S.	YRI	China Division	Worldwide
Company sales	100.0%	100.0%	100.0%	100.0%
Food and paper	30.3	31.2	37.6	32.5
Payroll and employee benefits	30.8	26.1	14.1	25.1
Occupancy and other operating expenses	26.5	30.9	29.4	28.4
Company restaurant margin	12.4%	11.8%	18.9%	14.0%

The increase in U.S. restaurant margin as a percentage of sales was driven by higher average guest check due to pricing actions we have previously taken. Additionally, our U.S. restaurant margin was positively impacted by refranchising and labor cost savings associated with productivity initiatives.

The decrease in YRI restaurant margin as a percentage of sales was primarily driven by the impact of lower margins associated with new units during the initial period of operations. An increase in commodity costs was partially offset by a higher average guest check.

The increase in China Division restaurant margin as a percentage of sales was driven by the combination of commodity deflation and a higher average guest check due to pricing actions we have previously taken. The increase was partially offset by the impact of lower margins associated with new units during the initial periods of operation.

Worldwide General and Administrative Expenses

G&A expenses decreased 11% and 10% in the quarter and year to date ended June 13, 2009, respectively, including a 4% and 5% favorable impact from foreign currency translation in the quarter and year to date, respectively. These decreases were driven by savings from the actions taken as part of our U.S. business transformation measures and lapping prior year litigation-related costs. These decreases were partially offset by higher incentives and compensation costs related to strategic initiatives in China and other YRI growth markets.

Worldwide Other (Income) Expense

	Quarter ended		Year to date	
	6/13/09	6/14/08	6/13/09	6/14/08
Equity income from investments in unconsolidated affiliates	$ (7)	$ (9)	$ (17)	$ (20)
Gain upon consolidation of former unconsolidated affiliate in China [(a)]	(68)	—	(68)	—
Gain upon sale of investment in unconsolidated affiliate [(b)]	—	—	—	(100)
Foreign exchange net (gain) loss and other	—	(4)	1	(10)
Other (income) expense	$ (75)	$ (13)	$ (84)	$ (130)

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

(b) Reflects the gain recognized on the sale of our interest in our unconsolidated affiliate in Japan. See our 2008 Form 10-K for further discussion on this transaction.

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		
	6/13/09	6/14/08	% B/(W)	6/13/09	6/14/08	% B/(W)
United States	$ 169	$ 155	8	$ 326	$ 301	8
YRI	100	118	(15)	223	256	(13)
China Division	105	92	14	236	195	21
Unallocated Franchise and license fees and income	(4)	—	NM	(31)	—	NM
Unallocated and corporate G&A expenses	(43)	(53)	17	(89)	(95)	(4)
Unallocated Other income (expense)	68	4	NM	67	110	NM
Unallocated Refranchising gain (loss)	(1)	1	NM	13	(24)	NM
Operating Profit	$ 394	$ 317	25	$ 745	$ 743	—
United States operating margin	15.3%	12.7%	2.6 ppts.	15.2%	12.5%	2.7 ppts.
International Division operating margin	17.1%	16.2%	0.9 ppts.	19.1%	17.9%	1.2 ppts.

U.S. Operating Profit increased 8% in the quarter and year to date ended June 13, 2009, respectively. These increases were driven by the savings from the actions taken as part of our U.S. business transformation measures and improved restaurant margin. These increases were partially offset by higher Franchise and license expenses and Closure and impairment expenses.

YRI Operating Profit decreased 15% in the quarter ended June 13, 2009, including a 21% unfavorable impact from foreign currency translation. Excluding the unfavorable impact from foreign currency translation, International Division Operating Profit increased 6% in the quarter. The increase was driven by new unit development and improved restaurant margin.

YRI Operating Profit decreased 13% year to date ended June 13, 2009, including an 18% unfavorable impact from foreign currency translation. Excluding the unfavorable impact from foreign currency translation, International Division Operating Profit increased 5% year to date. The increase was driven by new unit development, partially offset by the elimination of a VAT exemption in Mexico.

China Division Operating Profit increased 14% and 21% in the quarter and year to date ended June 13, 2009, respectively, including a 3% and 5% favorable impact from foreign currency translation for the quarter and year to date ended June 13, 2009, respectively. These increases were driven by the impact of improved restaurant margin and new unit development.

Unallocated franchise and license fees and income for the quarter and year to date ended June 13, 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 quarter and year to date ended June 13, 2009 includes a $68 million gain upon acquisition of additional ownership in, and consolidation of, the entity that operates KFCs in Shanghai, China. For the year to date ended June 14, 2008 unallocated other income (expense) includes a $100 million gain recognized on the sale of our interest in our unconsolidated affiliate in Japan.

Interest Expense, Net

	Quarter ended			Year to date		
	6/13/09	6/14/08	% B/(W)	6/13/09	6/14/08	% B/(W)
Interest expense	$ 47	$ 59	19	$ 103	$ 118	12
Interest income	(4)	(7)	(50)	(7)	(13)	(43)
Interest expense, net	$ 43	$ 52	15	$ 96	$ 105	8

Interest expense, net decreased $9 million for the quarter and year to date ended June 13, 2009. These decreases were primarily driven by a decrease in interest rates on the variable portion of our debt as compared to prior year.

Income Taxes

	Quarter ended		Year to date	
	6/13/09	6/14/08	6/13/09	6/14/08
Income taxes	$ 45	$ 40	$ 124	$ 157
Effective tax rate	12.8%	14.9%	19.1%	24.6%

Our second quarter effective tax rate was positively impacted by the one-time $68 million gain recognized upon our acquisition of additional interest in, and consolidation of, the operating entity that operates the KFCs in Shanghai, China, which resulted in no related tax expense. Our rate was also favorably impacted by adjustments to prior year foreign tax credit balances. The quarter rate in both years was positively impacted by the reversal of foreign valuation allowances associated with certain deferred tax assets we now believe are more likely than not to be utilized on future tax returns and the reversal of reserves due to the expiration of the statute of limitations in certain foreign jurisdictions.

Year to date, our effective tax rate was favorably impacted by the one-time gain, as described above, and adjustments to prior year foreign tax credit balances. Additionally, our rate was lower as a result of lapping 2008 tax expense associated with the gain on the sale of our interest in our unconsolidated affiliate in Japan and 2008 expense associated with our plan to distribute certain foreign earnings.

Consolidated Cash Flows

Net cash provided by operating activities was $495 million compared to $626 million in 2008. The decrease was driven by current year pension contributions and reimbursements to KFC franchisees for installation costs of ovens for the national launch of Kentucky Grilled Chicken.

Net cash used in investing activities was $356 million versus $255 million in 2008. The increase was driven by the acquisition of Little Sheep Group Limited ("Little Sheep"), as discussed in Note 4, and lower proceeds from sales of property, plant and equipment.

Net cash used in financing activities was $82 million versus $860 million in 2008. The decrease was driven by a reduction in share repurchases, partially offset by lower net borrowings.

Consolidated Financial Condition

The acquisition of additional ownership in, and consolidation of, a former unconsolidated affiliate that operates the KFCs in Shanghai, China during the quarter ended June 13, 2009 impacted our Condensed Consolidated Balance Sheet. See Note 4 for a discussion of this transaction and a summary of the assets acquired and liabilities assumed as a result of the acquisition and consolidation.

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 seven 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. Additionally, as of June 13, 2009 we had approximately $925 million in unused capacity under revolving credit facilities that expire in 2012. Given this available borrowing capacity under our credit facilities, our debt maturity schedule and our ability to reduce discretionary spending, we do not believe we will need to access the credit markets during 2009. To help ensure that we do not need to access the credit markets and to maintain our financial flexibility, we do not currently plan to repurchase shares in 2009.

Additionally, we are managing our cash and debt positions in order to maintain our current investment grade ratings from Standard & Poor's Rating Services (BBB-) and Moody's Investors Service (Baa3). A downgrade of our credit rating 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 June 13, 2009 our interest expense would increase approximately $1.3 million on a full year basis should we receive a one-level downgrade in our ratings.

Discretionary Spending

In the quarter ended June 13, 2009, we invested $342 million in our businesses, including approximately $117 million in the U.S., $97 million for the International Division and $128 million for the China Division.

During the quarter ended June 13, 2009, we paid cash dividends of $88 million. Additionally, on May 28, 2009 our Board of Directors approved a cash dividend of $.19 per share of Common Stock, to be distributed on August 7, 2009 to shareholders of record at the close of business on July 17, 2009. The Company is targeting an ongoing annual dividend payout ratio of 35% - 40% of net income.

On March 24, 2009, our China Division paid approximately $44 million to purchase 14% of the outstanding common shares of Little Sheep. See Note 4 for further description.

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 June 13, 2009, our unused Credit Facility totaled $657 million net of outstanding letters of credit of $168 million. There were borrowings of $325 million outstanding under the Credit Facility at June 13, 2009. 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 was available credit of $267 million and borrowings of $83 million outstanding under the ICF at June 13, 2009. 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.

We have a variable rate senior unsecured term loan ("Domestic Term Loan"), in an aggregate principal amount of $375 million that matures in 2011. At our discretion the variable rate resets at one, two, three or six month intervals. We determine whether the variable rate at each reset date is based upon: (1) LIBOR plus an applicable spread of up to 2.5%, or (2) an Alternate Base Rate. The Alternate Base Rate is the greater of the Prime Rate or the Federal Funds Rate plus 0.50%, plus an applicable spread of up to 1.5%.

The Credit Facility, Domestic Term Loan, 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 June 13, 2009 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 6.25% to 8.88%. 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 $2.4 billion at June 13, 2009.

During the quarter ended June 13, 2009 we repurchased Senior Unsecured Notes due July 1, 2012 with an aggregate principal amount of $137 million.

Our Senior Unsecured Notes, Credit Facility, Domestic Term Loan 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

See Note 6 to the Condensed Consolidated Financial Statements of this report for further details of new accounting pronouncements not yet adopted.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes during the quarter ended June 13, 2009 to the disclosures made in Item 7A of the Company's 2008 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 June 13, 2009.

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 27, 2008 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 27, 2008. 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 June 13, 2009 and the related Condensed Consolidated Statements of Income for the twelve and twenty-four weeks ended June 13, 2009 and June 14, 2008 and the Condensed Consolidated Statements of Cash Flows for the twenty-four weeks ended June 13, 2009 and June 14, 2008. 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 27, 2008, 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 23, 2009, we expressed an unqualified opinion on those Consolidated Financial Statements. In our opinion, the information set forth in the accompanying Condensed Consolidated Balance Sheet as of December 27, 2008, 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
July 21, 2009

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), food safety issues and health concerns arising from outbreaks of Avian Flu, 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 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;
- 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 material money damages and other remedies;
- 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 current economic conditions or the global financial crisis through decreased discretionary spending by consumers, difficulty in refinancing or incurring indebtedness or the insolvency of our suppliers;
- 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 27, 2008. We encourage you to read these risk factors in their entirety. These risks are not exclusive, and our business and our actual results of operations could also be affected by other risks that we cannot anticipate or that we do not consider to be material based on currently available information.

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

Our Annual Meeting of Shareholders was held on May 21, 2009. At the meeting, shareholders:

1) Elected thirteen directors to serve until the next Annual Meeting of Shareholders and until their respective successors are duly elected and qualified.

2) Ratified the selection of KPMG LLP as our independent auditors for the fiscal year ended December 26, 2009.

3) Approved the Company's Executive Incentive Compensation Plan as amended by the first amendment and second amendment.

4) through 5) Approved two shareholder proposals.

6) through 7) Rejected two shareholder proposals.

Results of the voting in connection with each item were as follows (these numbers reflect actual votes cast by shareholders):

(1) Election of Directors	For	Against	Abstain	
David W. Dorman	379,490,826	10,073,533	947,430	
Massimo Ferragamo	379,340,646	10,303,279	867,864	
J. David Grissom	387,766,448	1,925,983	819,358	
Bonnie G. Hill	374,654,749	15,029,723	827,317	
Robert Holland, Jr.	377,079,888	12,543,436	888,465	
Kenneth G. Langone	377,380,744	12,228,970	902,075	
Jonathan S. Linen	387,765,215	1,877,336	869,238	
Thomas C. Nelson	382,855,200	6,791,397	865,192	
David C. Novak	376,743,223	12,851,754	916,812	
Thomas M. Ryan	363,372,157	26,243,295	896,337	
Jing-Shyh S. Su	380,684,716	8,983,589	843,484	
Jackie Trujillo	379,616,026	10,031,603	864,160	
Robert D. Walter	379,679,275	9,959,147	873,367	

	For	Against	Abstain	
(2) Ratification of Independent Auditors	376,054,088	13,621,887	835,814	
(3) Approve the Company's Executive Incentive Plan	362,059,459	26,418,056	2,034,274	
	For	Against	Abstain	Non-Votes
(4) Shareholder Proposal – Shareholders Rights Plan	242,829,584	89,989,876	1,357,126	56,335,203
(5) Shareholder Proposal – Advisory Shareholder Vote to Ratify Executive Compensation	170,971,382	158,881,102	4,324,102	56,335,203
(6) Shareholder Proposal – Healthcare Reform Principles	17,997,337	273,303,374	42,877,225	56,333,853
(7) Shareholder Proposal – Animal Welfare	20,518,373	269,202,985	44,456,578	56,333,853

A shareholder proposal relating to Food Supply Chain Security & Sustainability was withdrawn by the proponents prior to the meeting.

Item 6. Exhibits

(a) Exhibit Index

EXHIBITS

Exhibit 10.7.1	YUM! Brands Director Deferred Compensation Plan, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended through November 14, 2008.
Exhibit 10.10.1	YUM! Brands Executive Income Deferral Program, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended through June 30, 2009.
Exhibit 10.13.1	YUM! Brands, Inc. Pension Equalization Plan, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended through December 30, 2008.
Exhibit 10.17.1	YUM! Brands, Inc. 409A Addendum to Amended and restated form of Severance Agreement, as effective December 31, 2008.
Exhibit 10.18	YUM! Brands, Inc. Long Term Incentive Plan, as Amended through the Fourth Amendment, as effective November 21, 2008.
Exhibit 10.31.1	YUM! Brands, Inc. 409A Addendum to Severance Agreement for Emil Brolick, as effective December 31, 2008.
Exhibit 10.32.1	YUM! Brands Leadership Retirement Plan, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended through December 30, 2008.
Exhibit 10.35	YUM! Performance Share Plan Summary, as effective March 27, 2009.
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.

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: July 21, 2009

/s/ Ted F. Knopf
Senior Vice President of Finance
and Corporate Controller
(Principal Accounting Officer)

YUM! BRANDS

DIRECTOR DEFERRED COMPENSATION PLAN

Plan Document for the 409A Program
Amended and Restated Effective as of January 1, 2005
(with Revisions through November 14, 2008)

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

ARTICLE I – INTRODUCTION

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

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

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

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

ARTICLE II – DEFINITIONS

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

2.01 Account :

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

2.02 Act :

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

2.03 Annual Retainer :

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

2.04 Beneficiary :

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

2.05 Code :

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

2.06 Company :

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

2.07 Compensation Year :

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

2.08 Deferral Subaccount :

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

2.09 Director :

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

2.10 Director Compensation :

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

2.11 Disability :

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

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

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

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

2.12 Distribution Valuation Date :

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

2.13 Election Form :

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

2.14 Eligible Director :

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

2.15 ERISA :

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

2.16 Fair Market Value :

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

2.17 409A Program :

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

2.18 Initial Retainer :

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

2.19 Key Employee :

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

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

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

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

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

For purposes of (1) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers. For purposes of this Section, annual compensation means compensation as defined in Treas. Reg. §1.415(c)-2(a), without regard to Treas. Reg. §§1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g). The Plan Administrator shall determine who is a Key Employee in accordance with Code Section 416(i) and the applicable regulations and other guidance of general applicability issued thereunder or in connection therewith (provided, that Code Section 416(i)(5) shall not apply in making such determination), and provided further that the applicable year shall be determined in accordance with Section 409A and that any modification of the foregoing definition that applies under Section 409A shall be taken into account.

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

2.20 Participant :

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

2.21 Plan :

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

2.22 Plan Administrator :

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

2.23 Plan Year :

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

2.24 Pre-409A Program :

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

2.25 Second Look Election :

The term "Second Look Election" shall have the meaning given to it in Section 4.04.

2.26 Section 409A :

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

2.27 Separation from Service :

A Participant's separation from service as defined in Section 409A, including the rule that a Participant who is Disabled incurs a Separation from Service 29 months after the Participant is no longer actively rendering services to the Company. In the event the Participant also provides services to the YUM! Brands Organization other than as a Director for the Company, such other services shall not be taken into account in determining when a Separation from Service occurs to the extent permitted under Treas. Reg. § 1.409A-1(h)(5). The term may also be used as a verb (*i.e.* , "Separates from Service") with no change in meaning.

2.28 Specific Payment Date :

A specific date selected by an Eligible Director that triggers a lump sum payment of a deferral or the start of installment payments for a deferral, as specified in Section 4.03 or 4.04. The Specific Payment Dates that are available to be selected by Eligible Directors shall be determined by the Plan Administrator. With respect to any deferral, the currently available Specific Payment Date(s) shall be the date or dates reflected on the Election Form or the Second Look Election form that is made available by the Plan Administrator for the deferral. In the event that an Election Form or Second Look Election form only provides for selecting a month and a year as the Specific Payment Date, the first day of the month that is selected shall be the Specific Payment Date. As of the Effective Date, the Specific Payment Dates are January 1, April 1, July 1 and October 1 of the year specified by the Eligible Director.

2.29 Unforeseeable Emergency :

A severe financial hardship to the Participant resulting from –

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

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

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

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

2.30 Valuation Date :

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

2.31 YUM! Brands Organization :

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

ARTICLE III – ELIGIBILITY AND PARTICIPATION

3.01 Eligibility to Participate :

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

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

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

3.02 Termination of Eligibility to Defer :

An individual's eligibility to participate actively by making deferrals under Section 4.01 shall cease as soon as administratively practicable following the date he or she ceases to be a Director.

3.03 Termination of Participation :

An individual, who has been an active Participant under the Plan, ceases to be a Participant on the date his or her Account is fully paid out.

ARTICLE IV – DEFERRAL OF COMPENSATION

4.01 Deferral Election :

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

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

4.02 Time and Manner of Deferral Election :

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

(b) General Provisions . A separate deferral election under subsection (a) above must be made by an Eligible Director for each Compensation Year's compensation that is eligible for deferral. If a properly completed and executed Election Form is not actually received by the Plan Administrator by the prescribed time in subsection (a) above, the Eligible Director will be deemed to have elected not to defer any portion of the Annual Retainer for the applicable Compensation Year. Except as provided in the next sentence, an election is irrevocable once received and determined by the Plan Administrator to be properly completed (and such determination shall be made not later than the last date for making the election in question). Increases or decreases in the amount or percentage a Participant elects to defer shall not be permitted after the beginning of the calendar year during which the applicable Compensation Year begins; provided that if a Participant receives a distribution on account of an Unforeseeable Emergency pursuant to Section 6.06, the Plan Administrator may cancel the Participant's deferral election for the year in which such distribution occurs. If an election is cancelled because of a distribution on account of an Unforeseeable Emergency, such cancellation shall permanently apply to the deferral election for such year, and the Participant will only be eligible to make a new deferral election for the next year pursuant to the rules in Sections 4.01 and 4.02.

(c) Beneficiaries . A Participant may designate on the Election Form (or in some other manner authorized by the Plan Administrator) one or more Beneficiaries to receive payment, in the event of his or her death, of the amounts credited to his or her Account; provided that, to be effective, any Beneficiary designation must be in writing, signed by the Participant, and must meet such other standards (including any requirement for spousal consent) as the Plan Administrator shall require from time to time. The Beneficiary designation must also be filed with the Plan Administrator prior to the Participant's death. An incomplete Beneficiary designation, as determined by the Plan Administrator, shall be void and of no effect. In determining whether a Beneficiary designation that relates to the Plan is in effect, unrevoked designations that were received under the Pre-409A Program or prior to the Effective Date shall be considered. A Beneficiary designation of an individual by name remains in effect regardless of any change in the designated individual's relationship to the Participant. Any Beneficiary designation submitted to the Plan Administrator that only specifies a Beneficiary by relationship shall not be considered an effective Beneficiary designation and shall be void and of no effect. If more than one Beneficiary is specified and the Participant fails to indicate the respective percentage applicable to two or more Beneficiaries, then each Beneficiary for whom a percentage is not designated will be entitled to an equal share of the portion of the Account (if any) for which percentages have not been designated. At any time, a Participant may change a Beneficiary designation for his or her Account in a writing that is signed by the Participant and filed with the Plan Administrator prior to the Participant's death, and that meets such other standards as the Plan Administrator shall require from time to time. An individual who is otherwise a Beneficiary with respect to a Participant's Account ceases to be a Beneficiary when all payments have been made from the Account.

4.03 Period of Deferral; Form of Payment :

(a) Period of Deferral . An Eligible Director making a deferral election shall specify a deferral period on his or her Election Form by designating a Specific Payment Date and/or the date he or she incurs a Separation from Service. In no event shall an Eligible Director's Specific Payment Date be later than his or her 80 th birthday (and the specification of such a later date shall be deemed instead to specify the Director's 80 th birthday as the Specific Payment Date). In addition, an Eligible Director shall be deemed to have elected a period of deferral of not less than the first day of the second Plan Year after the end of the Plan Year during which the Annual Retainer would have been paid absent the deferral. If the Specific Payment Date selected by an Eligible Director would result in a period of deferral that is less than the minimum, the Eligible Director shall be deemed to have selected a Specific Payment Date equal to the minimum period of deferral as provided in the preceding sentence. If an Eligible Director fails to affirmatively designate a period of deferral on his or her Election Form, he or she shall be deemed to have specified the date on which he or she incurs a Separation from Service.

(b) Form of Payment . An Eligible Director making a deferral election shall specify a form of payment on his or her Election Form by designating either a lump sum payment or annual installment payments to be paid over a period of not more than 20 years but not later than the Eligible Director's 80th birthday. If the Eligible Director elects installment payments and the installments would otherwise extend beyond the Eligible Director's 80th birthday, such election shall be treated as an election for installments over a period of whole and partial years that ends on the Eligible Director's 80th birthday; provided that the amounts to be distributed in connection with the installments prior to the Eligible Director's 80th birthday shall be determined in accordance with Section 6.08 by assuming that the installments shall continue for the full number of installments with the entire remaining amount of the relevant Deferral Subaccount distributed on the Eligible Director's 80th birthday. If an Eligible Director fails to make a form of payment election for a deferral as provided above, he or she shall be deemed to have elected a lump sum payment. The initial form of payment for the Initial Retainer are governed by Section 4.05.

4.04 Second Look Election :

(a) General . Subject to Subsection (b) below, a Participant who has made a valid initial deferral in accordance with the foregoing provisions of this Article may subsequently make another one-time election regarding the time and/or form of payment of his or her deferral. This opportunity to modify the Participant's initial election is referred to as a "Second Look Election." A Second Look Election may be made for an Annual Retainer or an Initial Retainer.

(b) Requirements for Second Look Elections . A Second Look Election must comply with all of the following requirements:

(1) If a Participant's initial election specified payment based on a Specific Payment Date, the Participant may only make a Second Look Election if the election is made at least 12 months before the Participant's original Specific Payment Date. In addition, in this case the Participant's Second Look Election must provide for a new Specific Payment Date that is at least 5 years after the original Specific Payment Date. The Specific Payment Date applicable pursuant to a Second Look Election may not be after the Participant's 80 th birthday, and if this would be necessary to comply with 5-year rule stated above, then a Second Look Election may not be made.

(2) Subject to subsection (d), if a Participant's initial election specified payment based on the Participant's Separation from Service (including mandatory deferrals under Section 4.05), the Participant may only make a Second Look Election if the election is made at least 12 months before the Participant's Separation from Service. In addition, in this case the Participant's Second Look Election must delay the payment of the Participant's deferral to a new Specific Payment Date that turns out to be at least 5 years after the Participant's Separation from Service. If the Specific Payment Date selected in a Second Look Election turns out to be less than 5 years after the Participant's Separation from Service, the Second Look Election is void.

(3) Subject to subsection (d), if a Participant's initial election specified payment based on the earlier of the Participant's Separation from Service or a Specific Payment Date, the Participant may only make a Second Look Election if the election is made at least 12 months before the Specific Payment Date and at least 12 months before the Participant's Separation from Service. In addition, in this case the Participant must elect a new Specific Payment Date that is at least 5 years after the prior Specific Payment Date. Then the Second Look Election will only include the new Specific Payment Date as the payment trigger and the separate Separation from Service trigger in the original election will be void.

(4) A Participant may make only one Second Look Election for each individual deferral, and each Second Look Election must comply with all of the relevant requirements of this Section.

(5) A Participant who uses a Second Look Election to change the form of the Participant's payment from a lump sum to installments shall be subject to the provisions of Subsection (c) below regarding installment payment elections, and such installment payments must begin no earlier than 5 years after when the lump sum payment would have been paid based upon the Participant's initial election.

(6) If a Participant's initial election specified payment in the form of installments and the Participant wants to elect instead payment in a lump sum, the earliest payment date of the lump sum must be no earlier than 5 years after the first payment date that applied under the Participant's initial installment election.

(7) For purposes of this Section, all of a Participant's installment payments related to a specific deferral election shall be treated as a single payment.

A Second Look Election will be void and payment will be made based on the Participant's original election under Section 4.03 (or the mandatory provisions of Section 4.05) if all of the relevant provisions of this subsection (b) are not satisfied in full. However, if a Participant's Second Look Election becomes effective in accordance with the provisions of subsection (b), the Participant's original election shall be superseded (including any Specific Payment Date specified therein), and the original election shall not be taken into account with respect to the deferral that is subject to the Second Look Election.

(c) Installment Payments . A Participant making a Second Look Election may make an election to change the payment of the deferral subject to the Second Look Election from a lump sum payment to installment payments. Participants are allowed to choose installment payments by designating that payments shall be paid annually over five years, but not later than the Participant's 80 th birthday. If the Participant elects installment payments and the installments would otherwise begin before and extend beyond the Participant's 80 th birthday, such election shall be treated as an election for installments over a period of whole and partial years that ends on the Participant's 80 th birthday; provided that the amounts to be distributed in connection with the installments prior to the Participant's 80 th birthday shall be determined in accordance with Section 6.08 by assuming that the installments shall continue for the full number of installments, with the entire remaining amount of the relevant Deferral Subaccount distributed on the Participant's 80 th birthday.

(d) Special Rules for Certain Second Look Elections . Notwithstanding the provisions in subsections (b)(2) and (b)(3), if a Participant's initial deferral election specified payment based on the Participant's Separation from Service or the earlier of the Participant's Separation from Service or a Specific Payment Date, then –

(1) If such Participant is determined to be Disabled, such Participant shall not be eligible to make a Second Look Election on or after the date the Participant is determined to be Disabled; and

(2) If such Participant submits a Second Look Election, such Participant's Second Look Election shall not take effect until the later of (i) the date the Participant has rendered 10 years of service on the Board of Directors or (ii) the date that is 12 months after the date on which the Second Look Election is made.

For purposes of paragraph (2) above, if a Participant Separates from Service prior to the date that a Participant's Second Look Election takes effect, then the Participant's Second Look Election shall be void and payment shall be made based on the Participant's original deferral election under Section 4.03 (or the mandatory provisions of Section 4.05).

(e) Plan Administrator's Role . Each Participant has the sole responsibility to elect a Second Look Election by contacting the Plan Administrator and to comply with the requirements of this Section. The Plan Administrator may provide a notice of a Second Look Election opportunity to some or all Participants, but the Plan Administrator is under no obligation to provide such notice (or to provide it to all Participants, in the event a notice is provided only to some Participants). The Plan Administrator has no discretion to waive or otherwise modify any requirement for a Second Look Election set forth in this Section or in Section 409A.

4.05 Deferral of Initial Retainer .

(a) General . As provided in this Section, the Board of Directors of the Company has determined that the Initial Retainer shall be automatically deferred under the Plan.

(b) Deferrals . The Initial Retainer shall be automatically deferred under this Plan without any requirement or right on behalf of the Eligible Director to make a deferral election. Such deferral shall occur immediately prior to the time the Eligible Director first has a legally binding right to the Initial Retainer. The deferral of the Initial Retainer shall be credited to a separate Deferral Subaccount for the applicable Compensation Year.

(c) Time and Form of Payment . Each Initial Retainer shall be distributed in accordance with Section 6.07, and the Eligible Director shall not be permitted to make an initial election for the time and form of payment of the Initial Retainer. However, if an Eligible Director properly completes a Second Look Election and changes the time of payment pursuant to such Second Look Election, he/she may also change the form of payment pursuant to such Second Look Election.

ARTICLE V – INTERESTS OF PARTICIPANTS

5.01 Accounting for Participants' Interests :

(a) Deferral Subaccounts . Each Participant shall have at least one separate Deferral Subaccount for each separate deferral of Director Compensation made by the Participant under this Plan. A Participant's deferral shall be credited as of the date of the deferral to his or her Account as soon as administratively practicable following the date the compensation would be paid in the absence of a deferral. A Participant's Account is a bookkeeping device to track the value of the Participant's deferrals and the Company's liability therefor. No assets shall be reserved or segregated in connection with any Account, and no Account shall be insured or otherwise secured.

(b) Account Earnings or Losses . As of each Valuation Date, a Participant's Account shall be credited with earnings and gains (and shall be debited for expenses and losses) determined as if the amounts credited to the Participant's Account had actually been invested in accordance with this Article. The Plan provides only for "phantom investments," and therefore such earnings, gains, expenses and losses are hypothetical and not actual. However, they shall be applied to measure the value of a Participant's Account and the amount of the Company's liability to make deferred payments to or on behalf of the Participant.

5.02 Phantom Investment of Account :

(a) General . Each of a Participant's Deferral Subaccounts shall be invested on a phantom basis in phantom YUM! Brands Common Stock as provided in Subsection (b) below.

(b) Phantom YUM! Brands Common Stock . Participant Accounts invested in this phantom option are adjusted to reflect an investment in YUM! Brands Common Stock. An amount deferred into this option is converted to phantom shares of YUM! Brands Common Stock of equivalent value by dividing such amount by the Fair Market Value of a share of YUM! Brands Common Stock on the Valuation Date as of which the amount is treated as invested in this option by the Plan Administrator. Only whole shares are determined. Any partial share (and all amounts that would be received by the Account as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares) are credited to a dividend subaccount that is invested on a phantom basis as described in paragraph (4) below. The Plan Administrator shall adopt a fair valuation methodology for valuing a phantom investment in this option, such that the value shall reflect the complete value of an investment in YUM! Brands Common Stock in accordance with the following Paragraphs below.

(1) A Participant's interest in the phantom YUM! Brands Common Stock is valued as of a Valuation Date by multiplying the number of phantom shares credited to his or her Account on such date by the Fair Market Value of a share of YUM! Brands Common Stock on such date.

(2) If shares of YUM! Brands Common Stock change by reason of any stock split, stock dividend, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or any other corporate change treated as subject to this provision by the Plan Administrator, such equitable adjustment shall be made in the number and kind of phantom shares credited to an Account or Deferral Subaccount as the Plan Administrator may determine to be necessary or appropriate.

(3) In no event will shares of YUM! Brands Common Stock actually be purchased or held under this Plan, and no Participant shall have any rights as a shareholder of YUM! Brands Common Stock on account of an interest in this phantom option.

(4) All amounts that would be received by the Account as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares are credited to a dividend subaccount that is invested on a phantom basis (the "Dividend Subaccount"). Amounts credited to a Participant's Dividend Subaccount shall accrue a return based upon the prime rate of interest announced from time to time by Citibank, N.A. (or another bank designated by the Plan Administrator from time to time). Returns accrue during the period since the last Valuation Date based on the prime rate in effect on the first business day after such Valuation Date and are compounded annually. An amount is credited with the applicable rate of return beginning with the date as of which the amount is treated as invested in this option by the Plan Administrator.

(c) Phantom YUM! Brands Common Stock Fund Restrictions . Notwithstanding the preceding provisions of this Section, the Plan Administrator may at any time alter the effective date of any investment or allocation involving phantom YUM! Brands Common Stock pursuant to Section 7.03(j) (relating to safeguards against insider trading). The Plan Administrator may also, to the extent necessary to ensure compliance with Rule 16b-3(f) of the Act, arrange for tracking of any such transaction defined in Rule 16b-3(b)(1) of the Act and bar any such transaction to the extent it would not be exempt under Rule 16b-3(f). The Company may also impose blackout periods pursuant to the requirements of the Sarbanes-Oxley Act of 2002 whenever the Company determines that circumstances warrant. Further, the Company may impose quarterly blackout periods on insider trading in phantom YUM! Brands Common Stock as needed (as determined by the Company), timed to coincide with the release of the Company's quarterly earnings reports. The commencement and termination of these blackout periods in each quarter, the parties to which they apply and the activities they restrict shall be as set forth in the official insider trading policy promulgated by the Company from time to time. These provisions shall apply notwithstanding any provision of the Plan to the contrary except Section 7.(relating to compliance with Section 409A).

5.03 Vesting of a Participant's Account :

A Participant's interest in the value of his or her Account shall at all times be 100% vested, which means that it will not forfeit as a result of his or her Separation from Service.

ARTICLE VI – DISTRIBUTIONS

6.01 General :

A Participant's Deferral Subaccount(s) shall be distributed as provided in this Article, subject in all cases to Section 7.03(j) (relating to safeguards against insider trading) and Section 7.06 (relating to compliance with Section 16 of the Act). All Deferral Subaccount balances shall be paid in whole shares of YUM! Brands Common Stock, other than the amounts that are credited to the phantom Dividend Subaccount which shall be paid in cash. In no event shall any portion of a Participant's Account be distributed earlier or later than is allowed under Section 409A. The following general rules shall apply for purposes of interpreting the provisions of this Article VI.

(a) Section 6.02 (Distributions Based on a Specific Payment Date) applies when a Participant has elected to defer until a Specific Payment Date and the Specific Payment Date is reached before the Participant's Separation from Service or death. If such a Participant dies prior to the Specific Payment Date, Section 6.04 shall apply to the extent it would result in an earlier distribution of all or part of a Participant's Account.

(b) Section 6.03 (Distributions on Account of a Separation from Service) applies when a Participant has elected to defer until a Separation from Service and then the Participant Separates from Service (other than as a result of death).

(c) Section 6.04 (Distributions on Account of Death) applies when the Participant dies. If a Participant is entitled to receive or is receiving a distribution under Section 6.02 or 6.03 at the time of his or her death, Section 6.04 shall take precedence over those sections to the extent Section 6.04 would result in an earlier distribution of all or part of a Participant's Account.

(d) Section 6.05 (Distributions on Account of Unforeseeable Emergency) applies when the Participant incurs an Unforeseeable Emergency prior to when a Participant's Account is distributed under Sections 6.02 through 6.04. In this case, the provisions of Section 6.05 shall take precedence over Sections 6.02 through 6.04 to the extent Section 6.05 would result in an earlier distribution of all or part of the Participant's Account.

6.02 Distributions Based on a Specific Payment Date :

This Section shall apply to distributions that are to be made upon the occurrence of a Specific Payment Date. In the event a Participant's Specific Payment Date for a Deferral Subaccount is reached before (i) the Participant's Separation from Service (other than for death) or (ii) the Participant's death, such Deferral Subaccount shall be distributed based on the occurrence of such Specific Payment Date in accordance with the following terms and conditions:

(a) If a Participant's Deferral Subaccount is to be paid in the form of a lump sum pursuant to Sections 4.03 or 4.04, whichever is applicable, the Deferral Subaccount shall be valued as of the last Distribution Valuation Date that immediately precedes the Specific Payment Date, and the resulting amount shall be paid in a single lump sum on the Specific Payment Date.

(b) If a Participant's Deferral Subaccount is to be paid in the form of installments pursuant to Section 4.03 or 4.04, whichever is applicable, the Deferral Subaccount shall be valued as of the last Distribution Valuation Date that immediately precedes the Specific Payment Date and the first installment payment shall be paid on the Specific Payment Date. Thereafter, installment payments shall continue in accordance with the schedule elected by the Participant on the Election Form or the Second Look Election (whichever is applicable, and subject in each case to the provisions of this Plan that constrain such elections), except as provided in Sections 6.04 and 6.05 (relating to distributions on account of death and Unforeseeable Emergency). The amount of each installment shall be determined under Section 6.07. Notwithstanding the preceding provisions of this Subsection, if before the date the last installment distribution is processed for payment the Participant would be entitled to a distribution in accordance with Section 6.04 (relating to a distribution on account of death), the remaining balance of the Participant's Deferral Subaccounts that would otherwise be distributed based on such Specific Payment Date shall instead be distributed in accordance with Section 6.04 (relating to distributions on account of death), whichever applies, but only to the extent it would result in an earlier distribution of the Participant's Subaccounts in the case of Section 6.04.

(c) If the Participant selected both Separation from Service and a Specific Payment Date for a Deferral Subaccount, then the provisions of Section 6.03 (c) shall apply.

6.03 Distributions on Account of a Separation from Service :

This Section shall apply to distributions that are to be made upon Separation from Service. When used in this Section, the phrase "Separation from Service" shall only refer to a Separation from Service that is not for death.

(a) If the Participant's Separation from Service is prior to the Specific Payment Date that is applicable to a Deferral Subaccount, the Participant's Deferral Subaccount shall be distributed as of the first day of the first calendar quarter that immediately follows the Participant's Separation from Service as provided in subsection (d).

(b) If the Participant has selected payment of his or her deferral on account of Separation from Service, distribution of the related Deferral Subaccount shall commence as follows:

(1) For deferrals of Director Compensation other than Initial Retainers, the Deferral Subaccount shall be distributed as of the first day of the first calendar quarter that immediately follows the Participant's Separation from Service as provided in subsection (d); and

(2) For Initial Retainers, the Deferral Subaccount shall be valued and distributed pursuant to Section 6.06.

(c) If the Participant selected both Separation from Service and a Specific Payment Date for a Deferral Subaccount, then the distribution of the related Deferral Subaccount shall commence as follows:

(1) If the Specific Payment Date occurs prior to the Separation from Service, then the Deferral Subaccount shall be valued and distributed based on the Specific Payment Date pursuant to the provisions of Sections 6.02(a) and (b); and

(2) If the Separation from Service occurs prior to the Specific Payment Date, then the Deferral Subaccount shall be valued and distributed based on the Separation from Service pursuant to the provisions of Section 6.03(a).

(d) The distribution provided in subsections (a), (b) or (c) shall be made in either a single lump sum payment or in installment payments depending upon the Participant's deferral election under Sections 4.03 or 4.04. If the Deferral Subaccount is to be paid in the form of a lump sum, the Deferral Subaccount shall be distributed in a lump sum on the first day of the first calendar quarter that is after the Separation from Service. If a Participant's Deferral Subaccount is to be paid in the form of installments pursuant to Section 4.03 or 4.04, whichever is applicable, the first installment payment shall be paid on the first day of the first calendar quarter that is after the Separation from Service. Thereafter, installment payments shall continue in accordance with the schedule elected by the Participant on his/her deferral election form or Second Look Election (and subject in each case to the provisions of this Plan that constrain such elections), except as provided in Sections 6.04 and 6.05 (relating to distributions on account of death and Unforeseeable Emergency). The amount of each installment shall be determined under Section 6.07. Notwithstanding the preceding provisions of this Subsection, if before the date the last installment distribution is processed for payment the Participant would be entitled to a distribution in accordance with Section 6.04 (relating to a distribution on account of death), the remaining balance of the Participant's Deferral Subaccounts that would otherwise be distributed based on such Separation from Service shall instead be distributed in accordance with Section 6.04 (relating to distributions on account of death), whichever applies, but only to the extent it would result in an earlier distribution of the Participant's Account in the case of Section 6.04. Unless otherwise provided in this Section, a distribution shall be valued as of the Distribution Valuation Date that immediately precedes the date the payment is to be made.

(e) Notwithstanding the subsections above, if the Participant is classified as a Key Employee at the time of the Participant's Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then such Participant's Account shall not be paid, as a result of the Participant's Separation from Service, earlier than the date that is at least 6 months after the Participant's Separation from Service. In such event:

(1) any applicable lump sum payment shall be valued as of the first Distribution Valuation Date that is on or after the date that is 6 months after the date of the Participant's Separation from Service and the resulting amount shall be distributed on such date; and

(2) any installment payments that would otherwise have been paid during such 6 month period shall be valued as of the first Distribution Valuation Date that is on or after the date that is 6 months after the date of the Participant's Separation from Service pursuant to Section 6.07 and the resulting amount(s) shall be distributed in a lump sum on such date and the installment stream shall continue from that point in accordance with the applicable schedule.

(f) If the Participant is receiving installment payments for one or more Deferral Subaccounts in accordance with Section 6.02 at the time of his or her Separation from Service, such installment payments shall continue to be paid based upon the Participant's deferral election (but subject to acceleration under Sections 6.04 and 6.05 relating to distributions on account of death and Unforeseeable Emergency).

6.04 Distributions on Account of Death :

(a) Upon a Participant's death, the Participant's Account under the Plan shall be distributed in a single lump sum as of the first day of the first calendar quarter immediately following the Participant's death. This payment shall be valued as of the Distribution Valuation Date that immediately precedes the payment date. If the Participant is receiving installment payments at the time of the Participant's death, such installment payments shall continue in accordance with the terms of the Participant's deferral election that governs such payments until the time that the lump sum payment is due to be paid under the provisions of the preceding sentence of this Subsection. Immediately prior to the time that such lump sum payment is to be paid all installment payments shall cease and the remaining balance of the Participant's Account shall be distributed at such scheduled payment time in a single lump sum. Amounts paid following a Participant's death, whether a lump sum or continued installments, shall be paid to the Participant's Beneficiary. If some but not all of the persons designated as Beneficiaries by a Participant to receive his or her Account at death predecease the Participant, the Participant's surviving Beneficiaries shall be entitled to the portion of the Participant's Account intended for such pre-deceased persons in proportion to the surviving Beneficiaries' respective shares.

(b) Effective from and after January 1, 2009, if no designation is in effect at the time of a Participant's death (as determined by the Plan Administrator) or if all persons designated as Beneficiaries have predeceased the Participant, then the payments to be made pursuant to this Section shall be distributed as follows:

(1) If the Participant is married at the time of his/her death, all payments made pursuant to this Section shall be paid to the Participant's spouse; and

(2) If the Participant is not married at the time of his/her death, all payments made pursuant to this Section shall be paid to the Participant's estate.

The Plan Administrator shall determine whether a Participant is "married" and shall determine a Participant's "spouse" based on the state or local law where the Participant has his/her primary residence at the time of death. The Plan Administrator is authorized to make any applicable inquires and to request any documents, certificates or other information that it deems necessary or appropriate in order to make the above determinations.

(c) Prior to the time the value of the Participant's Account is distributed under this Section, the Participant's Beneficiary may apply for a distribution under Section 6.05 (relating to a distribution on account of an Unforeseeable Emergency).

(d) Any claim to be paid any amounts standing to the credit of a Participant in connection with the Participant's death must be received by the Plan Administrator or the Plan Administrator at least 14 days before any such amount is paid out by the Plan Administrator. Any claim received thereafter is untimely, and it shall be unenforceable against the Plan, the Company, the Plan Administrator, the Plan Administrator or any other party acting for one or more of them.

6.05 Distributions on Account of Unforeseeable Emergency :

Prior to the time that an amount would become distributable under Sections 6.02 through 6.04, a Participant or Beneficiary may file a written request with the Plan Administrator for accelerated payment of all or a portion of the amount credited to the Participant's Account based upon an Unforeseeable Emergency. After an individual has filed a written request pursuant to this Section, along with all supporting material that may be required by the Plan Administrator from time to time, the Plan Administrator shall determine within 60 days (or such other number of days that is necessary if special circumstances warrant additional time) whether the individual meets the criteria for an Unforeseeable Emergency. If the Plan Administrator determines that an Unforeseeable Emergency has occurred, the Participant or Beneficiary shall receive a distribution from his or her Account on the date that such determination is finalized by the Plan Administrator. However, such distribution shall not exceed the dollar amount necessary to satisfy the Unforeseeable Emergency (plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution) after taking into account the extent to which the Unforeseeable Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

6.06 Distributions of Initial Retainers :

(a) This Section 6.06 shall govern the distribution of all Initial Retainers under the Plan. Subject to subsection (b) below, a Participant's Deferral Subaccount(s) for an Initial Retainer shall be distributed upon the earliest of the following to occur:

(1) The Participant's Separation from Service (other than on account of death) pursuant to the rules in subsection (b) below;

(2) The Participant's death pursuant to the distribution rules of Section 6.04; or

(3) The occurrence of an Unforeseeable Emergency with respect to the Participant pursuant to the distribution rules of Section 6.05.

(b) Upon the Participant's Separation from Service, the applicable Deferral Subaccount for the Participant's Initial Retainer shall be distributed as of the first day of the first calendar quarter that immediately follows the Participant's Separation from Service and the resulting amount shall be distributed in a single lump sum payment on such date. This payment shall be valued as of the Distribution Valuation Date that immediately precedes the payment date. However, the Participant shall be allowed to complete a Second Look Election that changes the time and form of payment. If a Participant completes and files a valid Second Look Election pursuant to Section 4.05, his/her Deferral Subaccount for the Initial Retainer shall be distributed based on the Second Look Election, subject to the provisions of subsections (a)(2) and (a)(3).

6.07 Valuation :

In determining the amount of any individual distribution pursuant to this Article, the Participant's Deferral Subaccount shall continue to be credited with earnings and gains (and debited for expenses and losses) as specified in Article V until the Distribution Valuation Date that is used in determining the amount of the distribution under this Article. If a particular Section in this Article does not specify a Distribution Valuation Date to be used in calculating the distribution, the Participant's Deferral Subaccount shall continue to be credited with earnings and gains (and debited for expenses and losses) as specified in Article V until the Distribution Valuation Date most recently preceding the date of such distribution. In determining the value of a Participant's remaining Deferral Subaccount following an installment distribution from the Deferral Subaccount (or a partial distribution under Section 6.05 relating to a distribution on account of an Unforeseeable Emergency), such distribution shall reduce the value of the Participant's Deferral Subaccount as of the close of the Distribution Valuation Date most recently preceding the payment date for such installment (or partial distribution). The amount to be distributed in connection with any installment payment shall be determined by dividing the value of a Participant's Deferral Subaccount as of such Distribution Valuation Date (determined before reduction of the Deferral Subaccount as of such Distribution Valuation Date in accordance with the preceding sentence) by the remaining number of installments to be paid with respect to the Deferral Subaccount.

6.08 Impact of Section 16 of the Act on Distributions :

The provisions of Section 7.06 shall apply in determining whether a Participant's distribution shall be delayed beyond the date applicable under the preceding provisions of this Article VI.

6.09 Actual Payment Date :

An amount payable on a date specified in this Article VI shall be paid no later than the later of (a) the end of the calendar year in which the specified date occurs, or (b) the 15 th day of the third calendar month following such specified date. In addition, the Participant (or Beneficiary) is not permitted to designate the taxable year of the payment.

Article VII – PLAN ADMINISTRATION

7.01 Plan Administrator :

The Plan Administrator is responsible for the administration of the Plan. The Plan Administrator has the authority to name one or more delegates to carry out certain responsibilities hereunder, as specified in the definition of Plan Administrator. To the extent not already set forth in the Plan, any such delegation shall state the scope of responsibilities being delegated and is subject to Section 7.06 below.

7.02 Action :

Action by the Plan Administrator may be taken in accordance with procedures that the Plan Administrator adopts from time to time or that the Company's Legal Department determines are legally permissible.

7.03 Powers of the Plan Administrator :

The Plan Administrator shall administer and manage the Plan and shall have (and shall be permitted to delegate) all powers necessary to accomplish that purpose, including the following:

(a) To exercise its discretionary authority to construe, interpret, and administer this Plan;

b) To exercise its discretionary authority to make all decisions regarding eligibility, participation and deferrals, to make allocations and determinations required by this Plan, and to maintain records regarding Participants' Accounts;

(c) To compute and certify to the Company the amount and kinds of payments to Participants or their Beneficiaries, and to determine the time and manner in which such payments are to be paid;

(d) To authorize all disbursements by the Company pursuant to this Plan;

(e) To maintain (or cause to be maintained) all the necessary records for administration of this Plan;

(f) To make and publish such rules for the regulation of this Plan as are not inconsistent with the terms hereof;

(g) To delegate to other individuals or entities from time to time the performance of any of its duties or responsibilities hereunder;

(h) To change the phantom investment under Article V;

(i) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan; and

(j) Notwithstanding any other provision of this Plan except Section 7.07 (relating to compliance with Section 409A), the Plan Administrator may take any action the Plan Administrator determines is necessary to assure compliance with any policy of the Company respecting insider trading as may be in effect from time to time. Such actions may include altering the distribution date of Deferral Subaccounts. Any such actions shall alter the normal operation of the Plan to the minimum extent necessary.

The Plan Administrator has the exclusive and discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits, to determine the amount and manner of payment of such benefits and to make any determinations that are contemplated by (or permissible under) the terms of this Plan, and its decisions on such matters will be final and conclusive on all parties. Any such decision or determination shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (1) such discretion is not expressly granted by the Plan provisions in question, or (2) a determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or call for a determination. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the applicant is entitled to them. In the event of a review by a court, arbitrator or any other tribunal, any exercise of the Plan Administrator's discretionary authority shall not be disturbed unless it is clearly shown to be arbitrary and capricious.

7.04 Compensation, Indemnity and Liability :

The Plan Administrator will serve without bond and without compensation for services hereunder. All expenses of the Plan and the Plan Administrator will be paid by the Company. To the extent deemed appropriate by the Plan Administrator, any such expense may be charged against specific Participant Accounts, thereby reducing the obligation of the Company. No member of the Board of Directors (who serves as the Plan Administrator), and no individual acting as the delegate of the Board of Directors, shall be liable for any act or omission of any other member or individual, nor for any act or omission on his or her own part, excepting his or her own willful misconduct. The Company will indemnify and hold harmless each member of the Board of Directors and any employee of the Company (or a Company affiliate, if recognized as an affiliate for this purpose by the Plan Administrator) acting as the delegate of the Board of Directors against any and all expenses and liabilities, including reasonable legal fees and expenses, arising in connection with this Plan out of his or her membership on the Board of Directors (or his or her serving as the delegate of the Board of Directors), excepting only expenses and liabilities arising out of his or her own willful misconduct or bad faith.

7.05 Withholding :

The Company shall withhold from amounts due under this Plan, any amount necessary to enable the Company to remit to the appropriate government entity or entities on behalf of the Participant as may be required by the federal income tax provisions of the Code, by an applicable state's income tax provisions, and by an applicable city, county or municipality's earnings or income tax provisions. Further, the Company shall withhold from the payroll of, or collect from, a Participant the amount necessary to remit on behalf of the Participant any Social Security and/or Medicare taxes which may be required with respect to amounts deferred or accrued by a Participant hereunder, as determined by the Company. In addition, to the extent required by Section 409A, amounts deferred under this Plan shall be reported to the Internal Revenue Service as provided by Section 409A, and any amounts that become taxable hereunder pursuant to Section 409A shall be reported as taxable compensation to the Participant as provided by Section 409A.

7.06 Section 16 Compliance :

(a) In General . This Plan is intended to be a formula plan for purposes of Section 16 of the Act. Accordingly, in the case of a deferral or other action under the Plan that constitutes a transaction that could be covered by Rule 16b-3(d) or (e), if it were approved by the Company's Board of Directors or Compensation Committee ("Board Approval"), it is intended that the Plan shall be administered by delegates of the Board of Directors, in the case of a Participant who is subject to Section 16 of the Act, in a manner that will permit the Board Approval of the Plan to avoid any additional Board Approval of specific transactions to the maximum possible extent.

(b) Approval of Distributions : This Subsection shall govern the distribution of a deferral that (i) is being distributed to a Participant in cash, (ii) is made to a Participant who is subject to Section 16 of the Act at the time the interest in phantom YUM! Brands Common Stock would be liquidated in connection with the distribution, and (iii) if paid at the time the distribution would be made without regard to this subsection, could result in a violation of Section 16 of the Act because there is an opposite way transaction that would be matched with the liquidation of the Participant's interest in phantom YUM! Brands Common Stock (either as a "discretionary transaction," within the meaning of Rule 16b-3(b)(1), or as a regular transaction, as applicable) (a "Covered Distribution"). In the case of a Covered Distribution, if the liquidation of the Participant's interest in phantom YUM! Brands Common Stock in connection with the distribution has not received Board Approval by the time the distribution would be made if it were not a Covered Distribution, or if it is a discretionary transaction, then the actual distribution to the Participant shall be delayed only until the earlier of:

(1) In the case of a transaction that is not a discretionary transaction, Board Approval of the liquidation of the Participant's interest in the phantom YUM! Brands Common Stock in connection with the distribution, or

(2) The date the distribution would no longer violate Section 16 of the Act, *e.g.* , when the Participant is no longer subject to Section 16 of the Act, or when the time between the liquidation and an opposite way transaction is sufficient.

7.07 Conformance with Section 409A :

At all times during each Plan Year, this Plan shall be operated (i) in accordance with the requirements of Section 409A, and (ii) to preserve the status of deferrals under the Pre-409A Program as being exempt from Section 409A, *i.e.* , to preserve the grandfathered status of the Pre-409A Program. In all cases, the provisions of this Section shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section.

ARTICLE VIII – CLAIMS PROCEDURE

8.01 Claims for Benefits:

If a Participant, Beneficiary or other person (hereafter, "Claimant") does not receive timely payment of any benefits which he or she believes are due and payable under the Plan, he or she may make a claim for benefits to the Plan Administrator. The claim for benefits must be in writing and addressed to the Plan Administrator. If the claim for benefits is denied, the Plan Administrator will notify the Claimant within 90 days after the Plan Administrator initially received the benefit claim. However, if special circumstances require an extension of time for processing the claim, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period and such extension may not exceed one additional, consecutive 90-day period. Any notice of a denial of benefits shall advise the Claimant of the basis for the denial, any additional material or information necessary for the Claimant to perfect his or her claim, and the steps which the Claimant must take to appeal his or her claim for benefits.

8.02 Appeals of Denied Claims :

Each Claimant whose claim for benefits has been denied may file a written appeal for a review of his or her claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he or she received the notice denying his or her claim. The decision of the Plan Administrator will be communicated to the Claimant within 60 days after receipt of a request for appeal. The notice shall set forth the basis for the Plan Administrator's decision. If special circumstances require an extension of time for processing the appeal, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 60-day period and such extension may not exceed one additional, consecutive 60-day period. In no event shall the Plan Administrator’s decision be rendered later than 120 days after receipt of a request for appeal.

8.03 Special Claims Procedures for Disability Determinations :

Notwithstanding Sections 8.01 and 8.02 to the contrary, if the claim or appeal of the Claimant relates to Disability benefits, such claim or appeal shall be processed pursuant to the applicable provisions of Department of Labor Regulation Section 2560.503-1 relating to Disability benefits, including Sections 2560.503-1(d), 2560.503-1(f)(3), 2560.503-1(h)(4) and 2560.503-1(i)(3).

ARTICLE IX – AMENDMENT AND TERMINATION

9.01 Amendment of Plan:

The Board of Directors (or an applicable committee thereof) of the Company has the right in its sole discretion to amend this Plan in whole or in part at any time and in any manner, including the manner of making deferral elections, the terms on which distributions are made, and the form and timing of distributions. However, except for mere clarifying amendments necessary to avoid an inappropriate windfall, no Plan amendment shall reduce the amount credited to the Account of any Participant as of the date such amendment is adopted. Any amendment shall be in writing and adopted by the Committee. All Participants and Beneficiaries shall be bound by such amendment. Any amendments made to the Plan shall be subject to any restrictions on amendment that are applicable to ensure continued compliance under Section 409A.

9.02 Termination of Plan :

(a) The Company expects to continue this Plan, but does not obligate itself to do so. The Company, acting by the Board of Directors (or an applicable committee thereof), reserves the right to discontinue and terminate the Plan at any time, in whole or in part, for any reason (including a change, or an impending change, in the tax laws of the United States or any state). Termination of the Plan will be binding on all Participants (and a partial termination shall be binding upon all affected Participants) and their Beneficiaries, but in no event may such termination reduce the amounts credited at that time to any Participant's Account. If this Plan is terminated (in whole or in part), the termination resolution shall provide for how amounts theretofore credited to affected Participants' Accounts will be distributed.

(b) This Section is subject to the same restrictions related to compliance with Section 409A that apply to Section 9.01. In accordance with these restrictions, the Company intends to have the maximum discretionary authority to terminate the Plan and make distributions in connection with a change in ownership or effective control of the Company or a change in ownership of a substantial portion of the assets of the Company, all within the meaning of Section 409A (a “Change in Control”), and the maximum flexibility with respect to how and to what extent to carry this out following a Change in Control as is permissible under Section 409A. The previous sentence contains the exclusive terms under which a distribution may be made in connection with any change in control with respect to deferrals made under this 409A Program.

ARTICLE X – MISCELLANEOUS

10.01 Limitation on Participant's Rights :

Participation in this Plan does not give any Participant the right to be retained in the service of the Company. The Company reserves the right to terminate the service of any Participant without any liability for any claim against the Company under this Plan, except for a claim for payment of deferrals as provided herein.

10.02 Unfunded Obligation of the Company:

The benefits provided by this Plan are unfunded. All amounts payable under this Plan to Participants are paid from the general assets of the Company. Nothing contained in this Plan requires the Company to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. Neither a Participant, Beneficiary, nor any other person shall have any property interest, legal or equitable, in any specific Company asset. This Plan creates only a contractual obligation on the part of the Company, and the Participant has the status of a general unsecured creditor of the Company with respect to amounts of compensation deferred hereunder. Such a Participant shall not have any preference or priority over, the rights of any other unsecured general creditor of the Company. No other Company affiliate guarantees or shares such obligation, and no other Company affiliate shall have any liability to the Participant or his or her Beneficiary.

10.03 Other Plans:

This Plan shall not affect the right of any Eligible Director or Participant to participate in and receive benefits under and in accordance with the provisions of any other Director compensation plans which are now or hereafter maintained by the Company, unless the terms of such other plan or plans specifically provide otherwise or it would cause such other plan to violate a requirement for tax favored treatment.

10.04 Receipt or Release:

Any payment to a Participant in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Plan Administrator, the Plan Administrator and the Company, and the Plan Administrator may require such Participant, as a condition precedent to such payment, to execute a receipt and release to such effect.

10.05 Governing Law:

This Plan shall be construed, administered, and governed in all respects in accordance with applicable federal law and, to the extent not preempted by federal law, in accordance with the laws of the State of North Carolina. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

10.06 Gender, Tense and Examples:

In this Plan, whenever the context so indicates, the singular or plural number and the masculine, feminine, or neuter gender shall be deemed to include the other. Whenever an example is provided or the text uses the term "including" followed by a specific item or items, or there is a passage having a similar effect, such passage of the Plan shall be construed as if the phrase "without limitation" followed such example or term (or otherwise applied to such passage in a manner that avoids limitation on its breadth of application).

10.07 Successors and Assigns; Nonalienation of Benefits:

This Plan inures to the benefit of and is binding upon the parties hereto and their successors, heirs and assigns; provided, however, that the amounts credited to the Account of a Participant are not (except as provided in Section 7.05) subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to any benefits payable hereunder, including, without limitation, any assignment or alienation in connection with a separation, divorce, child support or similar arrangement, will be null and void and not binding on the Plan or the Company. Notwithstanding the foregoing, the Plan Administrator reserves the right to make payments in accordance with a divorce decree, judgment or other court order as and when cash payments are made in accordance with the terms of this Plan from the Deferral Subaccount of a Participant. Any such payment shall be charged against and reduce the Participant's Account.

10.08 Facility of Payment:

Whenever, in the Plan Administrator's opinion, a Participant or Beneficiary entitled to receive any payment hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the Plan Administrator may direct the Company to make payments to such person or to the legal representative of such person for his or her benefit, or to apply the payment for the benefit of such person in such manner as the Plan Administrator considers advisable. Any payment in accordance with the provisions of this Section shall be a complete discharge of any liability for the making of such payment to the Participant or Beneficiary under the Plan.

ARTICLE XI – AUTHENTICATION

The 409A Program was adopted and approved by the Company's Board of Directors at its duly authorized meeting held on November 21, 2008, to be effective as of January 1, 2005, except as provided herein.

YUM! BRANDS, INC.

By:_____
Name:
Title:

YUM! BRANDS

EXECUTIVE INCOME

DEFERRAL PROGRAM

Plan Document for the 409A Program
Effective as of January 1, 2005
(with Amendments through June 30, 2009)

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

ARTICLE I – INTRODUCTION

YUM! Brands, Inc. (the "Company") established the YUM! Brands Executive Income Deferral Program (the "Plan") in 1997 to permit Eligible Executives to defer compensation and other awards made under its executive compensation programs. Deferrals under the Plan that were earned and vested on or before December 31, 2004 are governed by a separate set of documents that set forth the pre-Section 409A terms of the Plan (the "Pre-409A Program"). The terms of the Plan that are applicable to deferrals that are subject to Section 409A, *i.e.* , generally, deferred amounts that are earned or vested after December 31, 2004 (the "409A Program") are governed by this document. This document sets forth the 409A Program and is effective as of January 1, 2005 (the "Effective Date"). Except as otherwise provided herein, this document reflects the provisions in effect from and after January 1, 2005, and the rights and benefits of individuals who are Participants in the Plan from and after that date (and of those claiming through or on behalf of such individuals) shall be governed by the provisions of this document in the case of actions and events occurring on or after the Effective Date with respect to deferrals that are subject to the 409A Program. For purposes of the preceding sentence, the term "actions and events" shall include all distribution trigger events and dates. The rights and benefits with respect to persons who only participated in the Plan prior to January 1, 2005 shall be governed by the applicable provisions of the Pre-409A Program documents that were in effect at such time, and shall not be governed by the 409A Program documents.

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

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

ARTICLE II – DEFINITIONS

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

2.01 Account :

The account maintained for a Participant on the books of his or her Employer to determine, from time to time, the Participant's interest under this Plan. The balance in such Account shall be determined by the Recordkeeper pursuant to any guidelines established by the Plan Administrator. Each Participant's Account shall consist of at least one Deferral Subaccount for each separate deferral under Section 4.01. In accordance with Section 5.05, some or all of a separate deferral may be held in a Risk of Forfeiture Subaccount. The Recordkeeper may also establish such additional Deferral Subaccounts as it deems necessary for the proper administration of the Plan. Except as provided in Section 5.05, the Recordkeeper may also combine Deferral Subaccounts to the extent it deems separate accounts are not needed for sound recordkeeping. Where appropriate, a reference to a Participant's Account shall include a reference to each applicable Deferral Subaccount that has been established thereunder.

2.02 Act :

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

2.03 Base Compensation :

An Eligible Executive's adjusted base salary, to the extent payable in U.S. dollars from an Employer's U.S. payroll (as modified by the provisions of Section 3.01 (a)). For any applicable payroll period, an Eligible Executive's adjusted base salary shall be determined after reductions for applicable tax withholdings, tax levies, garnishments, other legally required deductions, and Executive authorized deductions that are made under any Code Section 125 plans sponsored by the Executive's Employer or the Company.

2.04 Beneficiary :

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

2.05 Bonus Compensation :

An Eligible Executive's adjusted annual incentive award under his or her Employer's annual incentive plan and/or an Executive incentive compensation plan (including the YUM! Brands Leaders Bonus Program), to the extent payable in U.S. dollars from an Employer's U.S. payroll (as modified by the provisions of Section 3.01 (a)). An Eligible Executive's annual incentive awards shall be adjusted to reduce them for applicable tax withholdings, tax levies, garnishments, other legally required deductions, and Executive authorized deductions that are made under any Code Section 125 plans sponsored by the Executive's Employer or the Company.

2.06 Code :

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

2.07 Company :

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

2.08 Deferral Subaccount :

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

2.09 Disability :

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

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

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

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

2.10 Distribution Valuation Date :

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

2.11 Election Form :

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

2.12 Eligible Executive :

The term, Eligible Executive, shall have the meaning given to it in Section 3.01(a)(1).

2.13 Employer :

The Company and each division, subsidiary or affiliate of the Company (if any) that is currently designated as an Employer for purposes of this Plan by the Plan Administrator. An entity shall be an Employer hereunder only for the period that it is (i) so designated by the Plan Administrator, and (ii) a member of the YUM! Brands Organization.

2.14 ERISA:

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

2.15 Executive :

Any person in a salaried classification of an Employer who (i) is receiving remuneration for personal services rendered in the employment of the Employer, and (ii) is paid in U.S. dollars from the Employer's U.S. payroll. Notwithstanding the foregoing sentence, any person meeting the requirements of the foregoing sentence who is working outside the U.S. shall not be included as an Executive hereunder, if applicable local law of the country in which the person is working (*e.g.* , local law relating to the payment of compensation) does not permit the person to defer the receipt of compensation that is eligible for deferral hereunder.

2.16 Fair Market Value :

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

2.17 409A Program :

The program described in this document. The term "409A Program" is used to identify the portion of the Plan that is subject to Section 409A.

2.18 Key Employee :

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

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

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

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

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

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

(b) Rule of Administrative Convenience . Effective from and after January 1, 2005, notwithstanding the foregoing, the Plan Administrator shall treat all Participants as a Key Employee.

2.19 Matching Stock Fund :

A phantom investment fund that permits an Eligible Executive to defer Bonus Compensation and a Signing Bonus for phantom investment solely in YUM! Brands Common Stock which entitles the Eligible Executive to a matching contribution of YUM! Brands Common Stock, in accordance with Section 5.02(b).

2.20 NAV :

The net asset value of a phantom unit in one of the phantom funds offered for investment under the Plan, determined as of any date in the same manner as applies on that date under the actual fund that is the basis of the phantom fund offered by the Plan.

2.21 Participant :

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

2.22 Performance Period:

The 12-month period (which shall generally correspond to the calendar year) for which Bonus Compensation is calculated and determined. A Performance Period shall be deemed to relate to the Plan Year in which the Performance Period ends.

2.23 Phantom Share Equivalent :

The number of phantom shares of YUM! Common Stock determined by dividing a particular deferral amount by the Fair Market Value of a share of YUM! Brands Common Stock on the applicable Valuation Date.

2.24 Plan :

The YUM! Brands Executive Income Deferral Program, the plan set forth herein and in the Pre-409A Program documents, as it may be amended and restated from time to time (subject to the limitations on amendment that are applicable hereunder and under the Pre-409A Program).

2.25 Plan Administrator :

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

2.26 Plan Year :

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

2.27 Pre-409A Program :

The portion of the Plan that governs deferrals that are not subject to Section 409A. The terms of the "Pre-409A Program" are set forth in a separate set of documents.

2.28 Recordkeeper :

For any designated period of time, the party that is delegated the responsibility, pursuant to the authority granted in the definition of Plan Administrator, to maintain the records of Participant Accounts, process Participant transactions and perform other duties in accordance with any procedures and rules established by the Plan Administrator.

2.29 Retirement :

A Participant's Separation from Service after attaining (whichever of the following occurs earlier): (a) at least age 55 with 10 or more years of service, or (b) at least age 65 with 5 or more years of service. A Participant's "years of service" shall be the Participant's "years of service" earned under the YUM! Brands Retirement Plan. If a Participant is not participating in the YUM! Brands Retirement Plan, "years of service" shall be determined based on the rules applicable to the YUM! Brands Retirement Plan, assuming the Participant was participating in such plan.

2.30 Second Look Election :

The term, Second Look Election, shall have the meaning given to it in Section 4.05.

2.31 Section 409A :

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

2.32 Separation from Service :

A Participant's separation from service as defined in Section 409A, including the rule that a Participant who is Disabled incurs a Separation from Service 29 months after the Participant is no longer actively rendering services to his/her Employer or the Company. In the event a Participant also provides services other than as an Executive for the Company and its affiliates, as determined under the prior sentence, such other services shall not be taken into account in determining when a Separation from Service occurs to the extent permitted under Treas. Reg. § 1.409A-1(h)(5). The term may also be used as a verb (*i.e.* , "Separates from Service") with no change in meaning.

2.33 Signing Bonus :

Cash compensation that is paid to an Eligible Executive upon acceptance of an offer of employment with his/her Employer, to the extent payable in U.S. dollars from an Employer's U.S. payroll (as modified by the provisions of Section 3.01(a)). An Eligible Executive's Signing Bonus shall be determined after reductions for applicable tax withholdings, tax levies, garnishments, other legally required deductions, and Executive authorized deductions that are made under any Code Section 125 plans sponsored by the Executive's Employer or the Company.

2.34 Specific Payment Date :

A specific date selected by an Eligible Executive that triggers a lump sum payment of a deferral or the start of installment payments for a deferral, as provided in Section 4.03. The Specific Payment Dates that are available to be selected by Eligible Executives shall be determined by the Plan Administrator, and the currently available Specific Payment Dates shall be reflected on the Election Forms that are made available from time to time by the Plan Administrator. As of the Effective Date, the Specific Payment Dates shall be January 1, April 1, July 1, and October 1. In the event that an Election Form only provides for selecting a month or a calendar quarter and a year as the Specific Payment Date, the first day of the month or the first day of the calendar quarter that is selected shall be the Specific Payment Date.

2.35 Unforeseeable Emergency :

A severe financial hardship to the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as defined in Code Section 152(a), without regard to Code Sections 152(b)(1), 152(b)(2) and 152(d)(1)(B)); (b) loss of the Participant's property due to casualty; or (c) any other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The Recordkeeper shall determine the occurrence of an Unforeseeable Emergency in accordance with Treas. Reg. §1.409A-3(i)(3) and any guidelines established by the Plan Administrator.

2.36 U.S. :

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

2.37 Valuation Date :

Each business day, as determined by the Recordkeeper, as of which Participant Accounts are valued in accordance with Plan procedures that are currently in effect. In accordance with procedures that may be adopted by the Plan Administrator, any current Valuation Date may be changed.

2.38 YUM! Brands Organization :

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

ARTICLE III – ELIGIBILITY AND PARTICIPATION

3.01 Eligibility to Participate :

(a) In General .

(1) Subject to Paragraph (2) below and the election timing rules of Article IV, an Executive shall be eligible to defer compensation under the Plan upon (i) being hired by an Employer as an Executive classified as Level 12 or above (and while he or she remains so classified) or (ii) being promoted by an Employer from below Level 12 into a Level 12 or above position. However, an Eligible Executive who makes an irrevocable election to participate for a Plan Year shall remain an Eligible Executive for the remainder of the Plan Year (i) regardless of whether such Executive is subsequently classified in a salary band below Level 12 or (ii) regardless of whether such Executive subsequently is paid in non-U.S. dollars or is paid from a non-U.S. payroll; provided that the occurrence of such events shall cut off any election that has been made that has not yet required to become irrevocable in order to be timely in accordance with Section 409A.

(2) Notwithstanding Paragraph (1) above, from time to time the Plan Administrator may modify, limit or expand the class of Executives eligible to defer hereunder, pursuant to criteria for eligibility that need not be uniform among all or any group of Executives; provided that the Plan Administrator may remove an Executive from eligibility to participate effective only as of the end of a Plan Year.

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

(c) Each Eligible Executive becomes an active Participant on the date an amount is first withheld from his or her compensation pursuant to an Election Form submitted by the Executive to the Recordkeeper (or, if authorized, the Plan Administrator) under Section 4.01.

3.02 Termination of Eligibility to Defer :

(a) General . An individual's eligibility to participate actively by making deferrals (or a deferral election) under Article IV shall cease upon the "Election Termination Date" (as defined below) occurring after the earliest of:

(1) Subject to Section 4.01(b), the date he or she Separates from Service; or

(2) The date that the Executive ceases to be eligible under criteria described in Section 3.01(a).

An individual's "Election Termination Date" shall be a date as soon as administratively practicable following the date in subsection (a) or (b) (or such other date as may be determined in accordance with rules of the Plan Administrator); provided that an Election Termination Date shall not affect any election already made that otherwise has become irrevocable in accordance with the rules of this Plan. However, the occurrence of an Election Termination Date shall terminate any election that has been made that is not yet required to become irrevocable in order to be timely in accordance with Section 409A.

(b) Special Rules for an Applicable Severance Program . Notwithstanding the provisions in subsection (a) above, an individual's eligibility to participate actively in this Plan by making deferrals (or a deferral election) under Article IV shall terminate to the extent provided in a severance program or severance arrangement of a Participant's Employer or the Company, or an Employer's employment or termination agreement with a Participant providing for severance pay and/or a general release of claims against the Employer (an "Approved Severance Program"). However, an Eligible Executive who makes an irrevocable election to participate for a Plan Year shall remain an Eligible Executive for the remainder of the Plan Year to the extent that he or she is receiving or will receive Base Compensation and Bonus Compensation under the Approved Severance Program; provided that the participation by a Participant in an Approved Severance Program (to the extent included in writing in the Approved Severance Program) shall cut off any election that has been made that has not yet required to become irrevocable in order to be timely in accordance with Section 409A.

3.03 Termination of Participation :

An individual, who has been an active Participant under the Plan, ceases to be a Participant on the date his or her Account is fully paid out; provided, however, even if a Participant's Account is fully paid out, participation shall continue under the Plan if there is an expectation that the Participant shall be entitled to future benefits under the Plan or that a deferral will be credited to the Participant's Account in the future (*e.g.*, a deferral of Bonus Compensation that is paid in a future year).

ARTICLE IV – DEFERRAL OF COMPENSATION

4.01 Deferral Election :

(a) Deferrals of Base Compensation .

(1) General . Subject to the provisions of subsection (a)(2) below, each Eligible Executive may make an election to defer Base Compensation under the Plan in any whole percentage up to 85% of his or her Base Compensation in the manner described in Section 4.02. A newly Eligible Executive may only defer the portion of his or her eligible Base Compensation that is earned for services performed after the date of his or her election; provided that any Eligible Executive that becomes a new Eligible Executive after November 22 nd (or if such day is not a business day, the first business day that occurs immediately prior to such day) of a Plan Year shall not be eligible to defer Base Compensation earned for services performed in the remainder of such Plan Year. Subject to the foregoing sentence, any Base Compensation deferred by an Eligible Executive for a Plan Year shall be deducted each pay period during the Plan Year for which he or she has Base Compensation and is an Eligible Executive. Base Compensation paid after the end of a Plan Year for services performed during the final payroll period of the preceding Plan Year shall be treated as Base Compensation for services in the subsequent Plan Year.

(2) Special Rule for Significant Deferrals . Notwithstanding subsection (a)(1) above, effective for Base Compensation that is paid from and after January 1, 2008, an Eligible Executive who is classified as below Level 14 may not elect to defer 50% or more of his or her Base Compensation for a Plan Year, unless such Eligible Executive also (i) elects to defer 100% of his or her Bonus Compensation for the same Plan Year or (ii) confirms in a separate writing (that is in addition to the Election Form) that he or she has elected to defer 50% or more of his or her Base Compensation for such Plan Year. The separate writing discussed in clause (ii) above must be submitted within the time frame required under Section 4.02(a)(1) and shall satisfy any other requirements as the Plan Administrator shall require for this purpose. If an applicable Eligible Executive does not satisfy either clause (i) or (ii) above, then any election by the Eligible Executive to defer 50% or more of Base Compensation for a Plan Year shall be treated as void and shall not become effective under Section 409A.

(b) Deferrals of Bonus Compensation .

(1) General Rules . Each Eligible Executive may make an election to defer under the Plan any whole percentage (up to 100%) of his or her Bonus Compensation in the manner described in Section 4.02. The percentage of Bonus Compensation deferred by an Eligible Executive for a Plan Year will be deducted from his or her payment under the applicable compensation program at the time it would otherwise be paid, provided he or she satisfies all conditions for payment that would apply in the absence of a deferral. In addition, for the Plan Year in which the Participant incurs a Separation from Service, the Participant shall be eligible to defer Bonus Compensation paid for the Performance Period that relates to the Plan Year in which the Participant incurred the Separation from Service, if the Participant makes a valid and irrevocable deferral election prior to his or her Separation from Service.

(2) Special Rules for Promoted Eligible Executives . An Eligible Executive that becomes an Eligible Executive during a Plan Year as a result of a promotion from below Level 12 into a position that is in Level 12 or above shall only be eligible to defer Bonus Compensation earned for the Performance Period relating to the Plan Year in which he or she is promoted, if the Eligible Executive (i) is a bonus-eligible Executive for all of such Plan Year and (ii) is promoted by June 20 th (or if such day is not a business day, the first business day that occurs immediately prior to such day) of the Plan Year in which the promotion occurs. If a promoted Eligible Executive does not satisfy the requirements of the previous sentence, he or she shall not be eligible to defer Bonus Compensation earned for the Performance Period relating to the Plan Year in which he or she is promoted.

(3) Special Rules for Newly Hired Eligible Executives . An Eligible Executive that becomes an Eligible Executive during a Plan Year as a result of becoming first employed by the YUM! Brands Organization shall only be eligible to defer Bonus Compensation earned for the Performance Period relating to the Plan Year in which he or she is newly hired, if the Eligible Executive is a bonus-eligible Executive for such Plan Year. In such event, the rules for the time and manner for completing the initial deferral election in Section 4.02(b) shall apply, which are structured so that the proration rules of Treas. Reg. 1.401A-2(a)(7) are inapplicable. Thus, if a valid Election Form is received prior to the date on which the Eligible Executive becomes an Executive and the Election Form is effective under Section 4.02(b) as of the date on which the Eligible Executive becomes an Executive, then the Executive shall be deemed to receive all of his or her Bonus Compensation for the Plan Year in which he or she becomes an Eligible Executive after the date of the election.

(4) Performance Criteria . Notwithstanding Subsections (b)(1), (b)(2) and (b)(3) above, an Eligible Executive shall not be eligible to defer Bonus Compensation for a Plan Year unless (i) the Bonus Compensation is contingent on the satisfaction of organizational or individual performance criteria for the Performance Period that relates to the Plan Year, (ii) such criteria have been established in writing by not later than 90 days after the beginning of the applicable Performance Period, and (iii) the Bonus Compensation otherwise satisfies the requirements for performance-based compensation under Section 409A.

(c) Election Form Rules . To be effective in deferring Base Compensation or Bonus Compensation, an Eligible Executive's Election Form must set forth the percentage of Base Compensation or Bonus Compensation (whichever applies) to be deferred, the deferral period under Section 4.03, the form of payment under Section 4.04, and any other information that may be required by the Plan Administrator from time to time. In addition, the Election Form must meet the requirements of Section 4.02. It is contemplated that an Eligible Executive will specify the investment choice under Section 5.02 (in multiples of 1%) for the Eligible Executive's deferral. However, this is not a condition for making an effective election.

4.02 Time and Manner of Deferral Election :

(a) Deferrals of Base Compensation .

(1) General . An Eligible Executive must make a deferral election for a Plan Year with respect to Base Compensation no later than December 31 of the year prior to the Plan Year in which the Base Compensation would otherwise be paid. Notwithstanding the prior sentence, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms , but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the date specified by the first sentence of this paragraph) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives. If December 31 is not a business day, the deadline shall be the preceding day that is a business day.

(2) New Eligible Executives . An individual who newly becomes an Eligible Executive will have 30 days from the date the individual becomes an Eligible Executive to make a deferral election with respect to Base Compensation that is earned for services performed after the election is received (the "30-Day Election Period"). Notwithstanding the prior sentence, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms in this situation, but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the date specified by the first sentence of this paragraph) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives. The 30-Day Election Period may be used to make an election for Base Compensation that otherwise would be paid in the Plan Year in which the individual becomes an Eligible Executive. In addition, the 30-Day Election Period may be used to make an election for Base Compensation that would otherwise be paid in the next Plan Year (*i.e.* , the Plan Year following when the individual becomes an Eligible Executive), if the individual becomes an Eligible Executive not later than December 31 of a Plan Year. Thus, if a Base Compensation deferral election for a Plan Year is made in reliance on the 30-day rule, then the Plan Administrator shall apply the restriction that the election may only apply to Base Compensation earned for services performed after the date the election is received.

(b) Deferrals of Bonus Compensation .

(1) Continuing and Newly Promoted Executives . An Eligible Executive must make a deferral election with respect to his or her Bonus Compensation at least six months prior to the end of the Performance Period for which the applicable Bonus Compensation is paid, and this election will be the Eligible Executive's bonus deferral election for the Plan Year to which the Performance Period relates. This applies to both continuing Eligible Executives and individuals who newly become Eligible Executives due to a promotion. Accordingly, if an individual becomes an Eligible Executive during a Plan Year as a result of a promotion and is eligible to defer Bonus Compensation under Section 4.01(b)(2) for such Plan Year, such Eligible Executive must make a deferral election for Bonus Compensation that is earned for the Performance Period that relates to the Plan Year in which he or she is promoted at least six months prior to the end of the applicable Performance Period. Notwithstanding the first sentence of this paragraph, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms for Bonus Compensation, but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the date specified by the first sentence of this paragraph) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives.

(2) Newly Hired Eligible Executives . An Eligible Executive that becomes an Eligible Executive during a Plan Year as a result of becoming first employed by the YUM! Brands Organization and is eligible to make a deferral of Bonus Compensation under Section 4.01(b) for such Plan Year must make such election as follows –

(A) If such Eligible Executive is newly hired by June 20 th (or if such day is not a business day, the immediately preceding business day), such Eligible Executive must make a deferral election for Bonus Compensation that is earned for the Performance Period that relates to the Plan Year in which he or she is newly hired at least six months prior to the end of the applicable Performance Period; and

(B) If such Eligible Executive is hired after June 20 th (or if such day is not a business day, the immediately preceding business day), such Eligible Executive must submit a deferral election prior to his or her hire date or otherwise prior to rendering services as an Executive, and such Election Form will be effective immediately upon the individual's hire date or otherwise upon commencement of his or her services as an Executive.

Notwithstanding subparagraph (A) above, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms for Bonus Compensation, but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the date specified by the first sentence of this paragraph) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives.

(c) General Provisions . A separate deferral election under (a) or (b) above must be made by an Eligible Executive for each category of a Plan Year's compensation that is eligible for deferral. If a properly completed and executed Election Form is not actually received by the Recordkeeper (or, if authorized, the Plan Administrator) by the prescribed time in (a) and (b) above, the Eligible Executive will be deemed to have elected not to defer any Base Compensation or Bonus Compensation, as the case may be, for the applicable Plan Year. Except as provided in the next sentence, an election is irrevocable once received and determined by the Plan Administrator to be properly completed (and such determination shall be made not later than the last date under Section 409A for making the election in question). Increases or decreases in the amount or percentage a Participant elects to defer shall not be permitted during a Plan Year. Notwithstanding the foregoing, effective as of January 1, 2009, if a Participant receives a hardship distribution under a cash or deferred profit sharing plan that is sponsored by a member of the YUM! Brands Organization and such plan requires that deferrals under such plan be suspended for a period of time following the hardship distribution, the Plan Administrator may cancel the Participant's deferral election under this Plan so that no deferrals shall be made during such suspension period. If an election is cancelled because of a hardship distribution in accordance with the prior sentence, such cancellation shall permanently apply to the deferral election or elections for any Plan Year covered by such suspension period and the Participant will only be eligible to make a new deferral election for the Plan Year that begins after the end of the suspension period pursuant to the rules in Sections 4.01 and 4.02.

(d) Beneficiaries . A Participant may designate on the Election Form (or in some other manner authorized by the Plan Administrator) one or more Beneficiaries to receive payment, in the event of his or her death, of the amounts credited to his or her Account; provided that, to be effective, any Beneficiary designation must be in writing, signed by the Participant, and must meet such other standards (including any requirement for spousal consent) as the Plan Administrator or Recordkeeper shall require from time to time. The Beneficiary designation must also be filed with the Recordkeeper (or the Plan Administrator, if applicable) prior to the Participant's death. An incomplete Beneficiary designation, as determined by the Recordkeeper or Plan Administrator, shall be void and of no effect. In determining whether a Beneficiary designation that relates to the Plan is in effect, unrevoked designations that were received under the Pre-409A Program or prior to the Effective Date shall be considered. A Beneficiary designation of an individual by name remains in effect regardless of any change in the designated individual's relationship to the Participant. A Beneficiary designation solely by relationship (for example, a designation of "spouse," that does not give the name of the spouse) shall designate whoever is the person in that relationship to the Participant at his or her death. If more than one Beneficiary is specified and the Participant fails to indicate the respective percentage applicable to two or more Beneficiaries, then each Beneficiary for whom a percentage is not designated will be entitled to an equal share of the portion of the Account (if any) for which percentages have not been designated. At any time, a Participant may change a Beneficiary designation for his or her Account in a writing that is signed by the Participant and filed with the Recordkeeper (or Plan Administrator, if applicable) prior to the Participant's death, and that meets such other standards as the Plan Administrator shall require from time to time. An individual who is otherwise a Beneficiary with respect to a Participant's Account ceases to be a Beneficiary when all payments have been made from the Account.

4.03 Period of Deferral :

An Eligible Executive making a deferral election shall specify a deferral period on his or her Election Form by designating either a Specific Payment Date and/or the date he or she incurs a Separation from Service. In the event that no deferral period is selected, the default shall be Separation from Service. In no event shall an Eligible Executive's deferral period end later than his or her 80 th birthday, regardless of whether the Participant chose a single lump sum or installments as the form of payment. Notwithstanding an Eligible Executive's actual election of a Specific Payment Date and/or Separation from Service, an Eligible Executive shall be deemed to have elected a period of deferral of not less than:

(a) For Base Compensation, at least two (2) years after the end of the Plan Year during which the Base Compensation would have been paid absent the deferral; and

(b) For Bonus Compensation, at least two (2) years after the date the Bonus Compensation would have been paid absent the deferral.

In the case of a deferral to a Specific Payment Date, if an Eligible Executive's Election Form either fails to specify a period of deferral or specifies a period less than the applicable minimum, the Eligible Executive shall be deemed to have selected a Specific Payment Date equal to the minimum period of deferral as provided in subsections (a) and (b) above. In the case of a deferral to Separation from Service, if an Eligible Executive's Election Form specifies Separation from Service and the Eligible Executive Separates from Service prior to the end of the minimum period of deferral as provided in subsections (a) and (b) above, the applicable Deferral Subaccount(s) shall be distributed after the end of the applicable minimum deferral period subject to the provisions of Section 6.03.

4.04 Form of Deferral Payout :

An Eligible Executive making a deferral election shall specify a form of payment on his or her Election Form by designating either a lump sum payment or installment payments to be paid over a period of no more than 20 years, and not later than the Executive's 80 th birthday. Any election for installment payments shall also specify (a) the frequency for which installment payments shall be paid, which shall be quarterly, semi-annually and annually and (b) the fixed number of years over which installments are to be paid, subject to the maximums above. If an Eligible Executive elects installments for a period extending beyond the Eligible Executive's 80 th birthday or beyond 20 years, such election shall be treated as an election for installments over a period of whole and partial years that ends on the Eligible Executive's 80 th birthday or at the end of 20 years; provided that the amounts to be distributed in connection with the installments prior to the Eligible Executive's 80 th birthday or prior to the end of 20 years shall be determined in accordance with Section 6.06 and his or her election by assuming that the installments shall continue for the full number of installments, with the entire remaining amount of the relevant Deferral Subaccount distributed on the Eligible Executive's 80 th birthday or at the end of 20 years. In the event that no form of payment election is made, the default shall be a lump sum payment.

4.05 Second Look Election :

(a) In General . Subject to Subsection (b) below, a Participant who has made a valid initial deferral in accordance with the foregoing provisions of this Article (or an initial deferral was made pursuant to Section 4.06) may subsequently make another one-time election regarding the time and/or form of payment of his or her deferral. This opportunity to modify the Participant's initial election is referred to as a "Second Look Election."

(b) Requirements for Second Look Elections . A Second Look Election must comply with all of the following requirements:

(1) If a Participant's initial election specified payment based on a Specific Payment Date, the Participant may only make a Second Look Election if the election is made at least 12 months before the Participant's original Specific Payment Date. In addition, in this case the Participant's Second Look Election must provide for a new Specific Payment Date that is at least 5 years after the original Specific Payment Date. The Specific Payment Date applicable pursuant to a Second Look Election may not be after the Participant's 80 th birthday, and if this would be necessary to comply with 5-year rule stated above, then a Second Look Election may not be made.

(2) Subject to the special rules in subsection (c), if a Participant's initial election specified payment based on the Participant's Separation from Service, the Participant may only make a Second Look Election if the election is made at least 12 months before the Participant's Separation from Service. In addition, in this case the Participant's Second Look Election must delay the payment of the Participant's deferral to a new Specific Payment Date that turns out to be at least 5 years after the Participant's Separation from Service. If the Specific Payment Date selected in a Second Look Election turns out to be less than 5 years after the Participant's Separation from Service, the Second Look Election is void.

(3) Subject to the special rules in subsection (c), if a Participant's initial election specified payment based on the earlier of the Participant's Separation from Service or a Specific Payment Date, the Participant may only make a Second Look Election if the election is made at least 12 months before the Specific Payment Date and at least 12 months before the Participant's Separation from Service. In addition, in this case the Participant must elect a new Specific Payment Date that is at least 5 years after the prior Specific Payment Date. Then the Second Look Election will only include the new Specific Payment Date as the payment trigger and the separate Separation from Service trigger in the original election will be void.

(4) A Participant may make only one Second Look Election for each individual deferral, and each Second Look Election must comply with all of the relevant requirements of this Section.

(5) A Participant who uses a Second Look Election to change the form of the Participant's payment from a lump sum to installments shall be subject to the provisions of Section 4.04 regarding installment payment elections, and such installment payments must begin no earlier than 5 years after when the lump sum payment would have been paid based upon the Participant's initial election. Accordingly, a Participant may not make a Second Look Election if the election would provide for installment payments to be made after the Participant's 80 th birthday.

(6) If a Participant's initial election specified payment in the form of installments and the Participant wants to elect instead payment in a lump sum, the earliest payment date of the lump sum must be no earlier than 5 years after the first payment date that applied under the Participant's initial installment election.

(7) For purposes of this Section, all of a Participant's installment payments related to a specific deferral election shall be treated as a single payment.

A Second Look Election will be void and payment will be made based on the Participant's original election under Sections 4.03 and 4.04 if all of the provisions of the foregoing Paragraphs of this Subsection are not satisfied in full. However, if a Participant's Second Look Election becomes effective in accordance with the provisions of this Subsection, the Participant's original election shall be superseded (including any Specific Payment Date specified therein), and this original election shall not be taken into account with respect to the deferral that is subject to the Second Look Election.

(c) Special Rules for Certain Second Look Elections . Notwithstanding the provisions in subsections (b)(2) and (b)(3), if a Participant's initial deferral election specified payment based on the Participant's Separation from Service or the earlier of the Participant's Separation from Service or a Specific Payment Date, then –

(1) If such Participant is determined to be Disabled, such Participant shall not be eligible to make a Second Look Election on or after the date the Participant is determined to be Disabled; and

(2) If such Participant submits a Second Look Election, such Participant's Second Look Election shall not take effect until the later of (i) the date the Participant is eligible for Retirement (without having to actually Separate from Service) or (ii) the date that is 12 months after the date on which the Second Look Election is made.

For purposes of paragraph (2) above, if a Participant Separates from Service prior to the date that a Participant's Second Look Election takes effect, then the Participant's Second Look Election shall be void and payment shall be made based on the Participant's original deferral election under Sections 4.03 and 4.04.

(d) Plan Administrator's Role . Each Participant has the sole responsibility to elect a Second Look Election by contacting the Recordkeeper (or, if authorized, the Plan Administrator) and to comply with the requirements of this Section. The Plan Administrator or the Recordkeeper may provide a notice of a Second Look Election opportunity to some or all Participants, but the Recordkeeper and Plan Administrator is under no obligation to provide such notice (or to provide it to all Participants, in the event a notice is provided only to some Participants). The Recordkeeper and the Plan Administrator have no discretion to waive or otherwise modify any requirement for a Second Look Election set forth in this Section or in Section 409A.

4.06 Signing Bonus Deferrals :

(a) General . As provided in this Section, an Eligible Executive's Employer or the Company may provide for the mandatory deferral under the Plan of a Signing Bonus.

(b) Deferrals . To the extent provided in an Eligible Executive's offer of employment letter (the "Offer Letter"), all or a portion of an Eligible Executive's Signing Bonus may be automatically deferred under this Plan without any requirement or right on behalf of the Eligible Executive to make a deferral election. Such deferral shall occur immediately prior to the time the Eligible Executive first has a legally binding right to the Signing Bonus or otherwise prior to the first date his or her employment is effective and he or she begins to render services (whichever is earlier). The deferred portion of the Signing Bonus (if any) shall be credited to a separate Deferral Subaccount for the applicable Plan Year.

(c) Time and Form of Payment . The Signing Bonus shall be deferred until the Specific Payment Date and/or the Participant's Separation from Service as enumerated in the Offer Letter, and the Eligible Executive shall not be permitted to make an initial election for the time and form of payment of the Signing Bonus. If the Offer Letter does not specify a time of payment, the default shall be Separation from Service. All deferrals of Signing Bonuses shall be payable in a lump sum payment at the time specified in the foregoing sentences. However, if an Eligible Director properly completes a Second Look Election and changes the time of payment pursuant to such Second Look Election, he/she may also change the form of payment pursuant to such Second Look Election.

(d) Phantom Investments . The Signing Bonus deferrals shall be invested in the investment options enumerated in the Offer Letter, and if no such specification is included in the Offer Letter, the deferral shall be invested in the YUM! Brands Common Stock Fund.

ARTICLE V – INTERESTS OF PARTICIPANTS

5.01 Accounting for Participants' Interests :

(a) Deferral Subaccounts . Each Participant shall have at least one separate Deferral Subaccount for each separate deferral of Base Compensation, Bonus Compensation or Signing Bonus made by the Participant under this Plan. A Participant's deferral shall be credited as of the date of the deferral to his or her Account as soon as administratively practicable following the date the compensation would be paid in the absence of a deferral. A Participant's Account is a bookkeeping device to track the value of the Participant's deferrals (and his or her Employer's liability therefor). No assets shall be reserved or segregated in connection with any Account, and no Account shall be insured or otherwise secured.

(b) Account Earnings or Losses . As of each Valuation Date, a Participant's Account shall be credited with earnings and gains (and shall be debited for expenses and losses) determined as if the amounts credited to his or her Account had actually been invested as directed by the Participant in accordance with this Article. The Plan provides only for "phantom investments," and therefore such earnings, gains, expenses and losses are hypothetical and not actual. However, they shall be applied to measure the value of a Participant's Account and the amount of his or her Employer's liability to make deferred payments to or on behalf of the Participant.

5.02 Investment Options :

(a) General . Each of a Participant's Deferral Subaccounts shall be invested on a phantom basis in any combination of phantom investment options specified by the Participant (or following the Participant's death, by his or her Beneficiary) from those offered by the Plan Administrator for this purpose from time to time. The Plan Administrator may discontinue any phantom investment option with respect to some or all Accounts, and it may provide rules for transferring a Participant's phantom investment from the discontinued option to a specified replacement option (unless the Participant selects another replacement option in accordance with such requirements as the Plan Administrator may apply).

(b) Phantom Investment Options . The basic phantom investment options offered under the Plan are as follows:

(1) Phantom YUM! Brands Common Stock Fund . Participant Accounts invested in this phantom option are adjusted to reflect an investment in YUM! Brands Common Stock. An amount deferred into this option is converted to the Phantom Share Equivalent on the Valuation Date as of which the amount is treated as invested in this option by the Plan Administrator. Only whole shares are determined. Any partial share (and all amounts that would be received by the fund as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares) are credited to a dividend subaccount that is invested on a phantom basis as described below. The Plan Administrator shall adopt a fair valuation methodology for valuing a phantom investment in this option, such that the value shall reflect the complete value of an investment in YUM! Brands Common Stock in accordance with the following subparagraphs below.

(A) A Participant's interest in the phantom YUM! Brands Common Stock Fund is valued as of a Valuation Date by multiplying the number of phantom shares credited to his or her Account on such date by the Fair Market Value of a share of YUM! Brands Common Stock on such date.

(B) If shares of YUM! Brands Common Stock change by reason of any stock split, stock dividend, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or any other corporate change treated as subject to this provision by the Plan Administrator, such equitable adjustment shall be made in the number and kind of phantom shares credited to an Account or Deferral Subaccount as the Plan Administrator may determine to be necessary or appropriate.

(C) In no event will shares of YUM! Brands Common Stock actually be purchased or held under this Plan, and no Participant shall have any rights as a shareholder of YUM! Brands Common Stock on account of an interest in this phantom option.

(D) All amounts that would be received by the Fund as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares are credited to a dividend subaccount that is invested on a phantom basis (the "Dividend Subaccount"). Amounts credited to a Participant's Dividend Subaccount shall accrue a return based upon the rate of return as in effect from time to time under the phantom Stable Value Fund option (as determined by the Recordkeeper). An amount is credited with the applicable rate of return beginning with the date as of which the amount is treated as invested in this option by the Plan Administrator.

(E) All amounts initially deferred or transferred into the phantom YUM! Brands Common Stock Fund must remain invested in the phantom YUM! Brands Common Stock Fund and may not be transferred into another phantom investment option.

(2) Phantom YUM! Brands Matching Stock Fund . A Participant may elect to defer the Participant's Bonus Compensation for each Plan Year and the Employer or the Company may require the deferral of a Participant's Signing Bonus (if applicable) to the YUM! Brands Matching Stock Fund (the "Matching Stock Fund"). The Matching Stock Fund shall operate under the same rules as the YUM! Brands Common Stock Fund in subsection (b)(1) above; subject to the following special rules –

(A) In addition to the Phantom Share Equivalent, Participants shall receive additional phantom shares of YUM! Brands Common Stock equal to $33\ ^{1/3}$ % of the Phantom Share Equivalent on the Valuation Date as of which the amount is treated as invested in this option by the Plan Administrator. Any partial share (and all amounts that would be received by the Matching Stock Fund as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares) are credited to a dividend subaccount that is invested on a phantom basis as described in subsection (b)(1) above.

(B) All amounts credited to the Matching Stock Fund shall be subject to the risk of forfeiture rules in Section 5.05.

(C) All amounts initially deferred into the Matching Stock Fund must remain invested in the Matching Stock Fund and may not be transferred into another phantom investment option. In addition, no amounts under this Plan may be transferred into the Matching Stock Fund, meaning that only initial deferrals of Bonus Compensation and a Signing Bonus may be invested on a phantom basis in the Matching Stock Fund.

(3) Other Phantom Funds . From time to time, the Plan Administrator shall designate which (if any) other investment options shall be available as phantom investment options under this Plan. These phantom investment options shall be described in materials provided to Participants from time to time. Any of these phantom investment options shall be administered under procedures implemented from time to time by the Plan Administrator. Unless otherwise specified in these materials or procedures, in the case of any such phantom investment option that is based on a unitized fund, an amount deferred or transferred into such option is converted to phantom units in the applicable fund of equivalent value by dividing such amount by the NAV of a unit in such fund on the Valuation Date as of which the amount is treated as invested in this option by the Plan Administrator. Thereafter, a Participant's interest in each such phantom option is valued as of a Valuation Date (or a Distribution Valuation Date) by multiplying the number of phantom units credited to his or her Account on such date by the NAV of a unit in such fund on such date. As of September 30, 2008, the following phantom investment funds shall be available under the Plan – the Stable Value Fund, the Bond Market Index Fund and the Large Company Index Fund. All such phantom investment funds shall operate under rules similar to those that apply to these funds under the YUM! Brands 401(k) Plan.

5.03 Method of Allocation :

(a) Deferral Elections . With respect to any deferral election by a Participant, the Participant may use his or her Election Form to allocate the deferral in one percent increments among the phantom investment options then offered by the Plan Administrator. If an Election Form related to an original deferral election specifies phantom investment options for less than 100% of the Participant's deferral, the Recordkeeper shall allocate the Participant's deferrals to the phantom Stable Value Fund to the extent necessary to provide for investment of 100% of the Participant's deferral. If an Election Form related to an original deferral election specifies phantom investment options for more than 100% of the Participant's deferral, the Recordkeeper shall prorate all of the Participant's investment allocations to the extent necessary to reduce (after rounding to whole percents) the Participant's aggregate investment percentages to 100%.

(b) Fund Transfers . A Participant may reallocate previously deferred amounts in a Deferral Subaccount by properly completing and submitting a fund transfer form provided by the Plan Administrator or Recordkeeper and specifying, in one percent increments, the reallocation of his or her Deferral Subaccount among the phantom investment options then offered by the Plan Administrator for this purpose. (The rules relating to non-paper formats for Election Forms shall also apply to the fund transfer form.) If a fund transfer form provides for investing less than or more than 100% of the Participant's Deferral Subaccount, it will be void and disregarded. Any transfer form that is not void under the preceding sentence shall be effective as of the Valuation Date next occurring after its receipt by the Recordkeeper, but the Plan Administrator or Recordkeeper may also specify a minimum number of days in advance of which such transfer form must be received in order for the form to become effective as of such next Valuation Date. If more than one fund transfer form is received on a timely basis, the form that the Plan Administrator or Recordkeeper determines to be the most recent shall be followed. Transfers shall be subject to the transfer restrictions noted in Sections 5.02(b)(1) and (b)(2).

(c) Phantom YUM! Brands Common Stock Fund and Matching Stock Fund Restrictions . Notwithstanding the provisions of Section 5.02 or this Section 5.03, the Plan Administrator may at any time alter the effective date of any investment or allocation involving the phantom YUM! Brands Common Stock Fund or the phantom Matching Stock Fund pursuant to Section 7.03(j) (relating to safeguards against insider trading). The Plan Administrator may also, to the extent necessary to ensure compliance with Rule 16b-3(f) of the Act, arrange for tracking of any such transaction defined in Rule 16b-3(b)(1) of the Act and bar any such transaction to the extent it would not be exempt under Rule 16b-3(f). The Company may also impose blackout periods pursuant to the requirements of the Sarbanes-Oxley Act of 2002 whenever the Company determines that circumstances warrant. Further, the Company may impose quarterly blackout periods on insider trading in the phantom YUM! Brands Common Stock Fund and phantom Matching Stock Fund as needed (as determined by the Company), timed to coincide with the release of the Company's quarterly earnings reports. The commencement and termination of these blackout periods in each quarter, the parties to which they apply and the activities they restrict shall be as set forth in the official insider trading policy promulgated by the Company from time to time. These provisions shall apply notwithstanding any provision of the Plan to the contrary except Section 7.07 (relating to compliance with Section 409A).

5.04 Vesting of a Participant's Account :

Subject to Section 5.05, a Participant's interest in the value of his or her Account shall at all times be 100 percent vested, which means that it will not forfeit as a result of his or her Separation from Service.

5.05 Risk of Forfeiture :

(a) General . Amounts deferred into the phantom Matching Stock Fund pursuant to Section 5.02(b)(2) above shall be subject to the provisions of this Section 5.05.

(b) Risk of Forfeiture Rules . A Participant shall forfeit the entire amount credited to a Deferral Subaccount that is invested in the phantom Matching Stock Fund option (as adjusted for changes in value pursuant to Section 5.01(b) and including the value of the Dividend Subaccount in the Matching Stock Fund), if the Participant has a termination of employment prior to the second anniversary of the date as of which the Participant's deferral was credited to the Deferral Subaccount (the "Second Anniversary"). Notwithstanding the prior sentence, if the Participant's termination of employment was prior to the Second Anniversary, but the Plan Administrator determines that the termination was on account of any of the following events, then no forfeiture shall occur –

(1) An involuntary termination without cause, in which case the amount in the Deferral Subaccount(s) shall be recalculated to equal the original amount of the Participant's deferral to the Deferral Subaccount(s) (i.e., the "total value of the match" shall be eliminated).

(2) Disability or death.

(3) An involuntary termination without cause pursuant to a restructuring designated by the Plan Administrator as a "Reduction in Force" or such similar event.

(4) Change in control of the Company.

For purposes of this subsection, the "total value of the match" shall mean the value of the 33 $^{1/3}$ % matching contribution of YUM! Brands Common Stock under Section 5.02(b)(2), plus the net appreciation (or minus the net depreciation) in the Fair Market Value of YUM! Brands Common Stock since the deferral, and plus the amount credited to the Dividend Subaccount with respect to the deferral.

If there is no forfeiture as provided above, any and all distributions of the affected Deferral Subaccounts shall be made pursuant to the regular rules of Article VI.

ARTICLE VI – DISTRIBUTIONS

6.01 General :

A Participant's Deferral Subaccount(s) that are governed by the terms of this 409A Program shall be distributed as provided in this Article, subject in all cases to Section 7.03(j) (relating to safeguards against insider trading) and Section 7.06 (relating to compliance with Section 16 of the Act). All Deferral Subaccount balances (other than those hypothetically invested in the phantom YUM! Brands Common Stock Fund or the Matching Stock Fund) shall be distributed in cash. Any amount hypothetically invested in the phantom YUM! Brands Common Stock Fund or the Matching Stock Fund shall be distributed in whole shares of YUM! Brands Common Stock (with any partial share distributed in cash and the Dividend Subaccount also distributed in cash). In no event shall any portion of a Participant's Account be distributed earlier or later than is allowed under Section 409A.

The following general rules shall apply for purposes of interpreting the provisions of this Article VI.

(a) Section 6.02 (Distributions Based on a Specific Payment Date) applies when a Participant has elected to defer until a Specific Payment Date and the Specific Payment Date is reached before the Participant's death. If such a Participant dies prior to the Specific Payment Date, Section 6.04 shall apply to the extent it would result in an earlier distribution of all or part of a Participant's Account.

(b) Section 6.03 (Distributions on Account of a Separation from Service) applies when a Participant has elected to defer until a Separation from Service and then the Participant Separates from Service (other than as a result of death).

(c) Section 6.04 (Distributions on Account of Death) applies when the Participant dies. If a Participant is entitled to receive or is receiving a distribution under Section 6.02 or 6.03 at the time of his or her death, Section 6.04 shall take precedence over those sections to the extent Section 6.04 would result in an earlier distribution of all or part of a Participant's Account.

(d) Section 6.05 (Distributions on Account of Unforeseeable Emergency) applies when the Participant incurs an Unforeseeable Emergency prior to when a Participant's Account is distributed under Sections 6.02 through 6.04. In this case, the provisions of Section 6.05 shall take precedence over Sections 6.02 through 6.04 to the extent Section 6.05 would result in an earlier distribution of all or part of the Participant's Account.

6.02 Distributions Based on a Specific Payment Date :

This Section shall apply to distributions that are to be made upon the occurrence of a Specific Payment Date. In the event a Participant's Specific Payment Date for a Deferral Subaccount is reached before the Participant's Separation from Service or death, such Deferral Subaccount shall be distributed based on the occurrence of such Specific Payment Date in accordance with the following terms and conditions:

(a) If a Participant's Deferral Subaccount is to be paid in the form of a lump sum pursuant to Sections 4.04 or 4.05, whichever is applicable, the Deferral Subaccount shall be valued as of the last Distribution Valuation Date that immediately precedes the Specific Payment Date, and the resulting amount shall be paid in a single lump sum on the Specific Payment Date.

(b) If a Participant's Deferral Subaccount is to be paid in the form of installments pursuant to Section 4.04 or 4.05, whichever is applicable, the Deferral Subaccount shall be valued as of the last Distribution Valuation Date that immediately precedes the Specific Payment Date and the first installment payment shall be paid on the Specific Payment Date. Thereafter, installment payments shall continue in accordance with the schedule elected by the Participant on the Election Form or the Second Look Election (whichever is applicable, and subject in each case to the provisions of this Plan that constrain such elections), except as provided in Sections 6.04 and 6.05 (relating to distributions on account of death and Unforeseeable Emergency). The amount of each installment shall be determined under Section 6.06. Notwithstanding the preceding provisions of this Subsection, if before the date the last installment distribution is processed for payment the Participant would be entitled to a distribution in accordance with Section 6.04 (relating to a distribution on account of death), the remaining balance of the Participant's Deferral Subaccounts that would otherwise be distributed based on such Specific Payment Date shall instead be distributed in accordance with Section 6.04 (relating to distributions on account of death), but only to the extent it would result in an earlier distribution of the Participant's Subaccounts in the case of Section 6.04.

(c) If the Participant selected both Separation from Service and a Specific Payment Date for a Deferral Subaccount, then the provisions of Section 6.03(c) shall apply.

6.03 Distributions on Account of a Separation from Service :

This Section shall apply to distributions that are to be made upon Separation from Service. When used in this Section, the phrase "Separation from Service" shall only refer to a Separation from Service that is not for death. In all cases, the time of payment rules in this Section shall be subject to the last sentence of Section 4.03 regarding the minimum deferral period.

(a) If the Participant's Separation from Service is prior to the Specific Payment Date that is applicable to a Deferral Subaccount, the Participant's Deferral Subaccount shall be distributed as of the first day of the first calendar quarter that immediately follows the Participant's Separation from Service as provided in subsection (d).

(b) If the Participant has selected payment of his or her deferral on account of Separation from Service only, the Participant's Deferral Subaccount shall be distributed as of the first day of the first calendar quarter that immediately follows the Participant's Separation from Service as provided in subsection (d).

(c) If the Participant selected both Separation from Service and a Specific Payment Date for a Deferral Subaccount, then the distribution of the related Deferral Subaccount shall commence as follows:

(1) If the Specific Payment Date occurs prior to the Separation from Service, then the Deferral Subaccount shall be valued and distributed based on the Specific Payment Date pursuant to the provisions of Sections 6.02(a) and (b); and

(2) If the Separation from Service occurs prior to the Specific Payment Date, the Deferral Subaccount shall be valued and distributed based on the Separation from Service pursuant to the provisions of Section 6.03(a).

(d) The distribution provided in subsections (a), (b) or (c) shall be made in either a single lump sum payment or in installment payments depending upon the Participant's deferral election under Sections 4.04 or 4.05. If the Deferral Subaccount is to be paid in the form of a lump sum, the Deferral Subaccount shall be distributed on the first day of the first calendar quarter that is after the Separation from Service. If a Participant's Deferral Subaccount is to be paid in the form of installments, the first installment payment shall be paid on the first day of the first calendar quarter that is after the Separation from Service. Thereafter, installment payments shall continue in accordance with the schedule elected by the Participant on his/her Election Form or Second Look Election (and subject in each case to the provisions of this Plan that constrain such elections), except as provided in Sections 6.04 and 6.05 (relating to distributions on account of death and Unforeseeable Emergency). The amount of each installment shall be determined under Section 6.06. Notwithstanding the preceding provisions of this Subsection, if before the date the last installment distribution is processed for payment the Participant would be entitled to a distribution in accordance with Section 6.04 (relating to a distribution on account of death), the remaining balance of the Participant's Deferral Subaccounts that would otherwise be distributed based on such Separation from Service shall instead be distributed in accordance with Section 6.04 (relating to a distribution on account of death), but only to the extent it would result in an earlier distribution of the Participant's Subaccounts in the case of Section 6.04. Unless otherwise provided in this Section, a distribution shall be valued as of the Distribution Valuation Date that immediately precedes the date the payment is to be made.

(e) Notwithstanding the subsections above, if the Participant is classified as a Key Employee at the time of the Participant's Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then such Participant's Account shall not be paid, as a result of the Participant's Separation from Service, earlier than the date that is at least 6 months after the Participant's Separation from Service. In such event:

(1) any applicable lump sum payment shall be valued as of the first Distribution Valuation Date that is on or after the date that is 6 months after the date of the Participant's Separation from Service and the resulting amount shall be distributed on such date; and

(2) any installment payments that would otherwise have been paid during such 6 month period shall be valued as of the first Distribution Valuation Date that is on or after the date that is 6 months after the date of the Participant's Separation from Service pursuant to Section 6.06 and the resulting amount(s) shall be distributed in a lump sum on such date and the installment stream shall continue from that point in accordance with the applicable schedule.

(f) If the Participant is receiving installment payments for one or more Deferral Subaccounts in accordance with Section 6.02 at the time of his or her Separation from Service, such installment payments shall continue to be paid based upon the Participant's deferral election (but subject to acceleration under Sections 6.04 and 6.05 relating to distributions on account of death and Unforeseeable Emergency).

6.04 Distributions on Account of Death :

(a) Upon a Participant's death, the Participant's Account under the Plan shall be distributed in a single lump sum payment on the first day of the first calendar quarter that immediately follows the Participant's death. Such payment shall be valued as of the Distribution Valuation Date that immediately precedes the date payment is to be made. If the Participant is receiving installment payments at the time of the Participant's death, such installment payments shall continue in accordance with the terms of the Participant's deferral election that governs such payments until the time that the lump sum payment is due to be paid under the provisions of the preceding sentence of this Subsection. Immediately prior to the time that such lump sum payment is to be paid all installment payments shall cease and the remaining balance of the Participant's Account shall be distributed at such scheduled payment time in a single lump sum. Amounts paid following a Participant's death, whether a lump sum or continued installments, shall be paid to the Participant's Beneficiary. If some but not all of the persons designated as Beneficiaries by a Participant to receive his or her Account at death predecease the Participant, the Participant's surviving Beneficiaries shall be entitled to the portion of the Participant's Account intended for such pre-deceased persons in proportion to the surviving Beneficiaries' respective shares.

(b) Effective from and after January 1, 2009, if no designation is in effect at the time of a Participant's death (as determined by the Plan Administrator) or if all persons designated as Beneficiaries have predeceased the Participant, then the payments to be made pursuant to this Section shall be distributed as follows:

(1) If the Participant is married at the time of his/her death, all payments made pursuant to this Section shall be paid to the Participant's spouse; and

(2) If the Participant is not married at the time of his/her death, all payments made pursuant to this Section shall be paid to the Participant's estate.

The Plan Administrator shall determine whether a Participant is "married" and shall determine a Participant's "spouse" based on the state or local law where the Participant has his/her primary residence at the time of death. The Plan Administrator is authorized to make any applicable inquires and to request any documents, certificates or other information that it deems necessary or appropriate in order to make the above determinations.

(c) Prior to the time the value of the Participant's Account is distributed under this Section, the Participant's Beneficiary may apply for a distribution under Section 6.05 (relating to a distribution on account of an Unforeseeable Emergency).

(d) Any claim to be paid any amounts standing to the credit of a Participant in connection with the Participant's death must be received by the Plan Administrator or the Plan Administrator at least 14 days before any such amount is paid out by the Plan Administrator. Any claim received thereafter is untimely, and it shall be unenforceable against the Plan, the Company, the Plan Administrator, the Plan Administrator or any other party acting for one or more of them.

6.05 Distributions on Account of Unforeseeable Emergency :

Prior to the time that an amount would become distributable under Sections 6.02 through 6.04, a Participant or Beneficiary may file a written request with the Recordkeeper for accelerated payment of all or a portion of the amount credited to the Participant's Account based upon an Unforeseeable Emergency. After an individual has filed a written request pursuant to this Section, along with all supporting material that may be required by the Recordkeeper from time to time, the Recordkeeper shall determine within 60 days (or such other number of days that is necessary if special circumstances warrant additional time) whether the individual meets the criteria for an Unforeseeable Emergency. If the Recordkeeper determines that an Unforeseeable Emergency has occurred, the Participant or Beneficiary shall receive a distribution from his or her Account as of the day the Recordkeeper finalizes the determination. However, such distribution shall not exceed the dollar amount necessary to satisfy the Unforeseeable Emergency (plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution) after taking into account the extent to which the Unforeseeable Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

6.06 Valuation :

In determining the amount of any individual distribution pursuant to this Article, the Participant's Deferral Subaccount shall continue to be credited with earnings and gains (and debited for expenses and losses) as specified in Article V until the Distribution Valuation Date that is used in determining the amount of the distribution under this Article. If a particular Section in this Article does not specify a Distribution Valuation Date to be used in calculating the distribution, the Participant's Deferral Subaccount shall continue to be credited with earnings and gains (and debited for expenses and losses) as specified in Article V until the Distribution Valuation Date that precedes such distribution. In determining the value of a Participant's remaining Deferral Subaccount following an installment distribution from the Deferral Subaccount (or a partial distribution under Section 6.05 relating to a distribution on account of an Unforeseeable Emergency), such distribution shall reduce the value of the Participant's Deferral Subaccount as of the close of the Distribution Valuation Date preceding the payment date for such installment (or partial distribution). The amount to be distributed in connection with any installment payment shall be determined by dividing the value of a Participant's Deferral Subaccount as of such preceding Distribution Valuation Date (determined before reduction of the Deferral Subaccount as of such Distribution Valuation Date in accordance with the preceding sentence) by the remaining number of installments to be paid with respect to the Deferral Subaccount.

6.07 Section 162(m) Compliance :

If a Participant has elected to defer income, which would qualify as performance-based compensation under Code Section 162(m), then such Deferral Subaccount may not be paid out at any time while the Participant is a covered employee under Code Section 162(m)(3), to the extent it would result in compensation being paid to the Participant in such year that would not be deductible under Code Section 162(m). The payout of any such amount shall be deferred until a year when its payout will not result in the payment of non-performance-based compensation that exceeds the $1 million cap in Code Section 162(m)(1) (and then only such portion that will not exceed such cap shall be paid out in the year). However, the total amount (1) which stands to the credit of the Participant in the Plan, and (2) which would be currently or previously distributed from the Plan but for this Section, shall be paid out in the first calendar year when the Participant is no longer a Code Section 162(m) covered employee. This Section shall apply notwithstanding the fact that a Participant would otherwise be entitled to an earlier distribution under the foregoing provisions of this Article, except that a Participant may receive an earlier distribution with respect to deferrals subject to this Section to the extent the Participant qualifies for such an earlier distribution under Section 6.05.

6.08 Impact of Section 16 of the Act on Distributions :

The provisions of Sections 5.03(c) and 7.06 shall apply in determining whether a Participant's distribution shall be delayed beyond the date applicable under the preceding provisions of this Article VI.

6.09 Actual Payment Date :

An amount payable on a date specified in this Article VI shall be paid no later than the later of (a) the end of the calendar year in which the specified date occurs, or (b) the 15 th day of the third calendar month following such specified date. In addition, the Participant (or Beneficiary) is not permitted to designate the taxable year of the payment.

ARTICLE VII – PLAN ADMINISTRATION

7.01 Plan Administrator :

The Plan Administrator is responsible for the administration of the Plan. The Plan Administrator has the authority to name one or more delegates to carry out certain responsibilities hereunder, as specified in the definition of Plan Administrator. Any such delegation shall state the scope of responsibilities being delegated and is subject to Section 7.06 below.

7.02 Action:

Action by the Plan Administrator may be taken in accordance with procedures that the Plan Administrator adopts from time to time or that the Company's Legal Department determines are legally permissible.

7.03 Powers of the Plan Administrator :

The Plan Administrator shall administer and manage the Plan and shall have (and shall be permitted to delegate) all powers necessary to accomplish that purpose, including the following:

(a) To exercise its discretionary authority to construe, interpret, and administer this Plan;

(b) To exercise its discretionary authority to make all decisions regarding eligibility, participation and deferrals, to make allocations and determinations required by this Plan, and to maintain records regarding Participants' Accounts;

(c) To compute and certify to the Employers the amount and kinds of payments to Participants or their Beneficiaries, and to determine the time and manner in which such payments are to be paid;

(d) To authorize all disbursements by the Employer pursuant to this Plan;

(e) To maintain (or cause to be maintained) all the necessary records for administration of this Plan;

(f) To make and publish such rules for the regulation of this Plan as are not inconsistent with the terms hereof;

(g) To delegate to other individuals or entities from time to time the performance of any of its duties or responsibilities hereunder;

(h) To establish or to change the phantom investment options or arrangements under Article V;

(i) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan; and

(j) Notwithstanding any other provision of this Plan except Section 7.07 (relating to compliance with Section 409A), the Plan Administrator or the Recordkeeper may take any action the Plan Administrator deems is necessary to assure compliance with any policy of the Company respecting insider trading as may be in effect from time to time. Such actions may include altering the effective date of intra-fund transfers or the distribution date of Deferral Subaccounts. Any such actions shall alter the normal operation of the Plan to the minimum extent necessary.

The Plan Administrator has the exclusive and discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits, to determine the amount and manner of payment of such benefits and to make any determinations that are contemplated by (or permissible under) the terms of this Plan, and its decisions on such matters will be final and conclusive on all parties. Any such decision or determination shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (1) such discretion is not expressly granted by the Plan provisions in question, or (2) a determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or call for a determination. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the applicant is entitled to them. In the event of a review by a court, arbitrator or any other tribunal, any exercise of the Plan Administrator's discretionary authority shall not be disturbed unless it is clearly shown to be arbitrary and capricious.

7.04 Compensation, Indemnity and Liability :

The Plan Administrator will serve without bond and without compensation for services hereunder. All expenses of the Plan and the Plan Administrator will be paid by the Employers. To the extent deemed appropriate by the Plan Administrator, any such expense may be charged against specific Participant Accounts, thereby reducing the obligation of the Employers. No member of the Committee (which serves as the Plan Administrator), and no individual acting as the delegate of the Committee, shall be liable for any act or omission of any other member or individual, nor for any act or omission on his or her own part, excepting his or her own willful misconduct. The Employers (other than the Company) will indemnify and hold harmless each member of the Committee and any employee of the Company (or a Company affiliate, if recognized as an affiliate for this purpose by the Plan Administrator) acting as the delegate of the Committee against any and all expenses and liabilities, including reasonable legal fees and expenses, arising in connection with this Plan out of his or her membership on the Committee (or his or her serving as the delegate of the Committee), excepting only expenses and liabilities arising out of his or her own willful misconduct or bad faith.

7.05 Withholding :

The Employer shall withhold from amounts due under this Plan, any amount necessary to enable the Employer to remit to the appropriate government entity or entities on behalf of the Participant as may be required by the federal income tax provisions of the Code, by an applicable state's income tax provisions, and by an applicable city, county or municipality's earnings or income tax provisions. Further, the Employer shall withhold from the payroll of, or collect from, a Participant the amount necessary to remit on behalf of the Participant any Social Security or Medicare taxes which may be required with respect to amounts deferred or accrued by a Participant hereunder, as determined by the Employer. In addition, to the extent required by Section 409A, amounts deferred under this Plan shall be reported on each Participant's Form W-2 for the applicable tax year, and any amounts that become taxable hereunder shall be reported as taxable wages on the Participant's Form W-2 for the applicable tax year. All such reporting shall be performed based on the rules and procedures of Section 409A.

7.06 Section 16 Compliance :

(a) In General . This Plan is intended to be a formula plan for purposes of Section 16 of the Act. Accordingly, in the case of a deferral or other action under the Plan that constitutes a transaction that could be covered by Rule 16b-3(d) or (e), if it were approved by the Company's Board or Compensation Committee ("Board Approval"), it is intended that the Plan shall be administered by delegates of the Compensation Committee, in the case of a Participant who is subject to Section 16 of the Act, in a manner that will permit the Board Approval of the Plan to avoid any additional Board Approval of specific transactions to the maximum possible extent.

(b) Approval of Distributions : This Subsection shall govern the distribution of a deferral that (i) is wholly or partly invested in the phantom YUM! Brands Common Stock Fund or the Matching Stock Fund at the time the deferral would be valued to determine the amount of cash to be distributed to a Participant, (ii) either was the subject of a Second Look Election or was not covered by an agreement, made at the time of the Participant's original deferral election, that any investments in the phantom YUM! Brands Common Stock Fund or Matching Stock Fund would, once made, remain in that fund until distribution of the deferral, (iii) is made to a Participant who is subject to Section 16 of the Act at the time the interest in the phantom YUM! Brands Common Stock Fund or Matching Stock Fund would be liquidated in connection with the distribution, and (iv) if paid at the time the distribution would be made without regard to this subsection, could result in a violation of Section 16 of the Act because there is an opposite way transaction that would be matched with the liquidation of the Participant's interest in the YUM! Brands Common Stock Fund or Matching Stock Fund (either as a "discretionary transaction," within the meaning of Rule 16b-3(b)(1), or as a regular transaction, as applicable) (a "Covered Distribution"). In the case of a Covered Distribution, if the liquidation of the Participant's interest in the phantom YUM! Brands Common Stock Fund or Matching Stock Fund in connection with the distribution has not received Board Approval by the time the distribution would be made if it were not a Covered Distribution, or if it is a discretionary transaction, then the actual distribution to the Participant shall be delayed only until the earlier of:

(1) In the case of a transaction that is not a discretionary transaction, Board Approval of the liquidation of the Participant's interest in the phantom YUM! Brands Common Stock Fund or Matching Stock Fund in connection with the distribution, and

(2) The date the distribution would no longer violate Section 16 of the Act, *e.g.* , when the Participant is no longer subject to Section 16 of the Act, when the Deferral Subaccount related to the distribution is no longer invested in the phantom YUM! Brands Common Stock Fund or Matching Stock Fund or when the time between the liquidation and an opposite way transaction is sufficient.

7.07 Conformance with Section 409A :

At all times during each Plan Year, this Plan shall be operated (i) in accordance with the requirements of Section 409A, and (ii) to preserve the status of deferrals under the Pre-409A Program as being exempt from Section 409A, *i.e.* , to preserve the grandfathered status of the Pre-409A Program. In all cases, the provisions of this Section shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section.

ARTICLE VIII – CLAIMS PROCEDURE

8.01 Claims for Benefits :

If a Participant, Beneficiary or other person (hereafter, "Claimant") does not receive timely payment of any benefits which he or she believes are due and payable under the Plan, he or she may make a claim for benefits to the Plan Administrator. The claim for benefits must be in writing and addressed to the Plan Administrator. If the claim for benefits is denied, the Plan Administrator will notify the Claimant within 90 days after the Plan Administrator initially received the benefit claim. However, if special circumstances require an extension of time for processing the claim, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period and such extension may not exceed one additional, consecutive 90-day period. Any notice of a denial of benefits shall advise the Claimant of the basis for the denial, any additional material or information necessary for the Claimant to perfect his or her claim, and the steps which the Claimant must take to appeal his or her claim for benefits.

8.02 Appeals of Denied Claims :

Each Claimant whose claim for benefits has been denied may file a written appeal for a review of his or her claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he or she received the notice denying his or her claim. The decision of the Plan Administrator will be communicated to the Claimant within 60 days after receipt of a request for appeal. The notice shall set forth the basis for the Plan Administrator's decision. However, if special circumstances require an extension of time for processing the appeal, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 60-day period and such extension may not exceed one additional, consecutive 60-day period. In no event shall the Plan Administrator's decision be rendered later than 120 days after receipt of a request for appeal.

8.03 Special Claims Procedures for Disability Determinations :

Notwithstanding Sections 8.01 and 8.02, if the claim or appeal of the Claimant relates to Disability benefits, such claim or appeal shall be processed pursuant to the applicable provisions of Department of Labor Regulation Section 2560.503-1 relating to Disability benefits, including Sections 2560.503-1(d), 2560.503-1(f)(3), 2560.503-1 (h)(4) and 2560.503-1(i)(3).

ARTICLE IX – AMENDMENT AND TERMINATION

9.01 Amendment of Plan :

The Compensation Committee of the Board of Directors of the Company has the right in its sole discretion to amend this Plan in whole or in part at any time and in any manner, including the manner of making deferral elections, the terms on which distributions are made, and the form and timing of distributions. However, except for mere clarifying amendments necessary to avoid an inappropriate windfall, no Plan amendment shall reduce the amount credited to the Account of any Participant as of the date such amendment is adopted. Any amendment shall be in writing and adopted by the Company. All Participants and Beneficiaries shall be bound by such amendment. Any amendments made to the Plan shall be subject to any restrictions on amendment that are applicable to ensure continued compliance under Section 409A.

9.02 Termination of Plan :

(a) The Company expects to continue this Plan, but does not obligate itself to do so. The Company, acting by the Compensation Committee of the Board of Directors, or through its entire Board of Directors, reserves the right to discontinue and terminate the Plan at any time, in whole or in part, for any reason (including a change, or an impending change, in the tax laws of the United States or any State). Termination of the Plan will be binding on all Participants (and a partial termination shall be binding upon all affected Participants) and their Beneficiaries, but in no event may such termination reduce the amounts credited at that time to any Participant's Account. If this Plan is terminated (in whole or in part), the termination resolution shall provide for how amounts theretofore credited to affected Participants' Accounts will be distributed.

(b) This Section is subject to the same restrictions related to compliance with Section 409A that apply to Section 9.01. In accordance with these restrictions, the Company intends to have the maximum discretionary authority to terminate the Plan and make distributions in connection with a Change in Control (as defined in Section 409A), and the maximum flexibility with respect to how and to what extent to carry this out following a Change in Control (as defined in Section 409A) as is permissible under Section 409A. The previous sentence contains the exclusive terms under which a distribution may be made in connection with any change in control with respect to deferrals made under this 409A Program.

ARTICLE X – MISCELLANEOUS

10.01 Limitation on Participant's Rights :

Participation in this Plan does not give any Participant the right to be retained in the Employer's employ (or any right or interest in this Plan or any assets of the Employer other than as herein provided). The Employer reserves the right to terminate the employment of any Participant without any liability for any claim against the Employer under this Plan, except for a claim for payment of deferrals as provided herein.

10.02 Unfunded Obligation of Individual Employer :

The benefits provided by this Plan are unfunded. All amounts payable under this Plan to Participants are paid from the general assets of the Participant's individual Employer. Nothing contained in this Plan requires an Employer to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. Neither a Participant, Beneficiary, nor any other person shall have any property interest, legal or equitable, in any specific Employer asset. This Plan creates only a contractual obligation on the part of a Participant's individual Employer, and the Participant has the status of a general unsecured creditor of this Employer with respect to amounts of compensation deferred hereunder. Such a Participant shall not have any preference or priority over, the rights of any other unsecured general creditor of the Employer. No other Employer guarantees or shares such obligation, and no other Employer shall have any liability to the Participant or his or her Beneficiary. In the event, a Participant transfers from the employment of one Employer to another, the former Employer shall transfer the liability for deferrals made while the Participant was employed by that Employer to the new Employer (and the books of both Employers shall be adjusted appropriately).

10.03 Other Plans :

This Plan shall not affect the right of any Eligible Executive or Participant to participate in and receive benefits under and in accordance with the provisions of any other employee benefit plans which are now or hereafter maintained by any Employer, unless the terms of such other employee benefit plan or plans specifically provide otherwise or it would cause such other plan to violate a requirement for tax favored treatment.

10.04 Receipt or Release :

Any payment to a Participant in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Plan Administrator, the Recordkeeper, the Company, and all Employers, and the Plan Administrator may require such Participant, as a condition precedent to such payment, to execute a receipt and release to such effect.

10.05 Governing Law :

This Plan shall be construed, administered, and governed in all respects in accordance with applicable federal law and, to the extent not preempted by federal law, in accordance with the laws of the State of North Carolina. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

10.06 Adoption of Plan by Related Employers :

The Plan Administrator may select as an Employer (other than the Company, which is automatically an Employer hereunder) any division of the Company, as well as any subsidiary or affiliate related to the Company by ownership (and that is a member of the YUM! Brands Organization), and permit or cause such division, subsidiary or affiliate to adopt the Plan. The selection by the Plan Administrator shall govern the effective date of the adoption of the Plan by such related Employer. The requirements for Plan adoption are entirely within the discretion of the Plan Administrator and, in any case where the status of an entity as an Employer is at issue, the determination of the Plan Administrator shall be absolutely conclusive.

10.07 Gender, Tense and Examples :

In this Plan, whenever the context so indicates, the singular or plural number and the masculine, feminine, or neuter gender shall be deemed to include the other. Whenever an example is provided or the text uses the term “including” followed by a specific item or items, or there is a passage having a similar effect, such passage of the Plan shall be construed as if the phrase “without limitation” followed such example or term (or otherwise applied to such passage in a manner that avoids limitation on its breadth of application).

10.08 Successors and Assigns; Nonalienation of Benefits :

This Plan inures to the benefit of and is binding upon the parties hereto and their successors, heirs and assigns; provided, however, that the amounts credited to the Account of a Participant are not (except as provided in Sections 5.05 and 7.05) subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to any benefits payable hereunder, including, without limitation, any assignment or alienation in connection with a separation, divorce, child support or similar arrangement, will be null and void and not binding on the Plan or the Company or any Employer. Notwithstanding the foregoing, the Plan Administrator reserves the right to make payments in accordance with a divorce decree, judgment or other court order as and when cash payments are made in accordance with the terms of this Plan from the Deferral Subaccount of a Participant. Any such payment shall be charged against and reduce the Participant’s Account.

10.09 Facility of Payment :

Whenever, in the Plan Administrator's opinion, a Participant or Beneficiary entitled to receive any payment hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the Plan Administrator may direct the Employer to make payments to such person or to the legal representative of such person for his or her benefit, or to apply the payment for the benefit of such person in such manner as the Plan Administrator considers advisable. Any payment in accordance with the provisions of this Section shall be a complete discharge of any liability for the making of such payment to the Participant or Beneficiary under the Plan.

ARTICLE XI – AUTHENTICATION

The 409A Program was adopted and approved by the Company's Board of Directors at its duly authorized meeting held on November 21, 2008, to be effective as of January 1, 2005, except as provided herein. The Plan is hereby further amended and restated through June 30, 2009 (incorporating changes to the definition of key employee and deleting the term of "Discount Stock Fund" and replacing it with "Matching Stock Fund").

YUM! BRANDS, INC.

By:_____
Name:
Title:

APPENDIX

The following Appendix articles modify particular terms of the Plan. Except as specifically modified in the Appendix, the foregoing main provisions of the Plan shall fully apply in determining the rights and benefits of Eligible Executives, Participants and Beneficiaries (and of any other individual claiming a benefit through or under the foregoing). In the event of a conflict between the Appendix and the foregoing main provisions of the Plan, the Appendix shall govern.

Appendix

APPENDIX ARTICLE A – RDC TRANSFERS

In the case of an individual who becomes a Participant and who previously participated in the YUM! Brands Restaurant Deferred Compensation Plan ("RDC Plan"), then his or her undistributed RDC Plan balance (if any) shall be transferred to this Plan on the January 1 st following the date on which the individual becomes a Participant. Because the RDC Plan was frozen prior to January 1, 2005 and all amounts were earned and vested as of December 31, 2004, any balance transferred from the RDC Plan shall be transferred to and maintained under the Pre-409 Program of this Plan, and accordingly shall not be subject to Section 409A. All elections made by a Participant under the RDC Plan with respect to the Participant's transferred balance shall be preserved and shall apply under the Pre-409A Program to the fullest extent practicable, and to the extent the RDC Plan elections cannot be preserved the terms and conditions of the Pre-409A Program shall apply.

APPENDIX ARTICLE B – CERTAIN TRANSITION RULES

This Appendix Article B sets forth certain provisions that apply in connection with the Plan's transition to compliance with Section 409A. Unless otherwise provided below, the provisions in this Appendix Article B were originally adopted on December 23, 2005.

B.1 Q&A-20(a) Cancellation :

This provision shall apply effective December 1, 2005 and solely in the case of Carl Geoff Spear (the "Executive"). During the period beginning December 1, 2005 and ending December 31, 2005, the Executive may elect to cancel the deferral of his 2005 bonus pursuant to the authority of Q&A-20(a) of Notice 2005-1. To be valid, any such election must be in writing, must be signed by the Executive and must be received by the Company's Compensation Department no later than December 31, 2005. If the Executive makes an election under this Section B.1, the Executive's 2005 bonus, if any, will be paid to the Executive in a single payment at the time in 2006 when it is considered "earned and vested" within the meaning of Notice 2005-1, *i.e.* , at the time that other 2005 bonuses are generally paid to employees who did not elect to defer their 2005 bonus. This election does not apply to any other deferrals standing to the credit of the Executive under the Plan.

B.2 Conformance with Section 409A :

At all times from and after January 1, 2005, this Plan shall be operated (i) in accordance with the requirements of Section 409A, and (ii) to preserve the status of deferrals that were earned and vested before January 1, 2005 as being exempt from Section 409A, *i.e.* , to preserve the grandfathered status of such pre-409A deferrals. Any action that may be taken (and, to the extent possible, any action actually taken) by the Company, the Plan Administrator or both shall not be taken (or shall be void and without effect), if such action violates the requirements of Section 409A or if such action would adversely affect the grandfather of the pre-409A deferrals. If the failure to take an action under the Plan would violate Section 409A, then to the extent it is possible thereby to avoid a violation of Section 409A, the rights and effects under the Plan shall be altered to avoid such violation. A corresponding rule shall apply with respect to a failure to take an action that would adversely affect the grandfather of the pre-409A deferrals. Any provision in this Plan document that is determined to violate the requirements of Section 409A or to adversely affect the grandfather of the pre-409A deferrals shall be void and without effect. In addition, any provision that is required to appear in this Plan document to satisfy the requirements of Section 409A, but that is not expressly set forth, shall be deemed to be set forth herein, and the Plan shall be administered in all respects as if such provision were expressly set forth. A corresponding rule shall apply with respect to a provision that is required to preserve the grandfather of the pre-409A deferrals. In all cases, the provisions of this Section B.2 shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section. Notwithstanding the foregoing, this Section B.2 shall not apply after December 31, 2008.

B.3 Dane Hudson – 19(c) :

Pursuant to an election made on November 30, 2005 under Q&A-19(c) of IRS Notice 2005-1, the Company permitted Dane Hudson to irrevocably elect to revise the time of his lump sum payment of his 2001 Bonus Compensation to a time that was on or after December 2006. Such election to revise the time of payment must be filed with the Plan Administrator pursuant to the procedures and timing requirements established by the Plan Administrator for this purpose (such procedures and timing requirements to be consistent with the requirements of Q&A-19(c)).

YUM! BRANDS, INC.

PENSION EQUALIZATION PLAN

(PEP)

Plan Document for the Section 409A Program
(January 1, 2005 Restatement, As Amended Through December 2008)

YUM! BRANDS, INC. PENSION EQUALIZATION PLAN

Table of Contents

YUM! BRANDS, INC. PENSION EQUALIZATION PLAN

Table of Contents

ARTICLE I

Foreword

The Yum! Brands, Inc. Pension Equalization Plan ("PEP" or "Plan") has been adopted by Yum! Brands, Inc. ("Yum!") for the benefit of certain employees of the Yum! Organization who participate in the Yum! Brands Retirement Plan ("Salaried Plan"). PEP provides benefits for eligible employees whose pension benefits under the Salaried Plan are limited by the provisions of the Internal Revenue Code of 1986, as amended. In addition, PEP provides benefits for certain eligible employees based on the pre-1989 Salaried Plan formula.

This Plan is first effective on October 7, 1997 in connection with the spinoff of Yum! from PepsiCo, Inc. This Plan is a successor plan to the PepsiCo Pension Equalization Plan.

This document is effective as of January 1, 2005 (the “Effective Date”). It sets forth the terms of the Plan that are applicable to benefits that are subject to Section 409A, *i.e* ., generally, benefits that are earned or vested after December 31, 2004 (the “409A Program”). All other benefits under the Plan shall be governed by the document referenced in the preceding paragraph, which sets forth the pre-Section 409A terms of the Plan (the “Pre-409A Program”). Together, this document and the document for the Pre-409A Program describe the terms of a single plan. However, amounts subject to the terms of this 409A Program and amounts subject to the terms of the Pre-409A Program shall be tracked separately at all times. The preservation of the terms of the Pre-409A Program, without material modification, and the separation between the 409A Program amounts and the Pre-409A Program amounts are intended to be sufficient to permit the pre-409A Program to remain exempt from Section 409A as grandfathered benefits.

ARTICLE II

Definitions and Construction

2.1 Definitions : This section provides definitions for certain words and phrases listed below. These definitions can be found on the pages indicated.

Where the following words and phrases, in boldface and underlined, appear in this Plan (including the Foreword) with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context.

(a) **Accrued Benefit** : The Pension payable at Normal Retirement Date determined in accordance with Article V, based on the Participant's Highest Average Monthly Earnings and Credited Service at the date of determination.

(b) **Actuarial Equivalent** : Except as otherwise specifically set forth in the Plan or any Appendix to the Plan with respect to a specific benefit determination, a benefit of equivalent value computed on the basis of the factors set forth below. The application of the following assumptions to the computation of benefits payable under the Plan shall be done in a uniform and consistent manner. In the event the Plan is amended to provide new rights, features or benefits, the following actuarial factors shall not apply to these new elements unless specifically adopted by the amendment.

(1) Annuities and Inflation Protection : To determine the amount of a Pension payable in the form of a Qualified Joint and Survivor Annuity or optional form of survivor annuity, an annuity with inflation protection, or as a period certain and life annuity, the Plan Administrator shall select the factors that are to be used. Effective January 1, 2009, the initial factors selected by the Plan Administrator are set forth in Schedule 1, below (prior factors appear in the Appendix). Thereafter, the Plan Administrator shall review such initial factors from time to time and shall amend such factors in its discretion. A Participant shall have no right to have any of the actuarial factors specified under the Plan from time to time applied to his benefit (or any portion thereof), except to the extent that a particular factor is currently in effect at the time it is to be applied under the Plan. For the avoidance of doubt, it is expressly intended and binding upon Participants that any actuarial factors selected by the Plan Administrator from time-to-time may be applied retroactively to already accrued benefits, and without regard to the actuarial factors that may have applied previously for such purpose.

SCHEDULE 1

Date	**Mortality Table Factors**	**Interest Rate Factor**
January 1, 2009-Present	[insert]	[insert]

(2) Lump Sums : To determine the lump sum value of a Pension, or a Pre-Retirement Spouse's Pension under Section 4.6, the factors applicable for such purposes under the Salaried Plan shall apply.

(3) Other Cases : To determine the adjustment to be made in the Pension payable to or on behalf of a Participant in other cases, the factors are those applicable for such purpose under the Salaried Plan.

(c) **Annuity** : A Pension payable as a series of monthly payments for at least the life of the Participant.

(d) **Annuity Starting Date :** The Annuity Starting Date shall be the first day of the first period for which an amount is payable under this Plan as an annuity or in any other form. Notwithstanding anything else in the Plan to the contrary, the Annuity Starting Date shall be determined without regard to any delay that may be applicable to a Participant's Pension, such as the delay required for Key Employees under Section 6.6 or for prior payment elections under Section 6.1(a)(2). A Participant who: (1) is reemployed after his initial Annuity Starting Date, and (2) is entitled to benefits hereunder after his reemployment, shall have a subsequent Annuity Starting Date for such benefits only to the extent provided in Section 6.3(d).

(e) **Code** : The Internal Revenue Code of 1986, as amended from time to time. All references herein to particular Code Sections shall also refer to any successor provisions and shall include all related regulations.

(f) **Company** : Yum! Brands, Inc., a corporation organized and existing under the laws of the State of North Carolina or its successor or successors. For periods before May 16, 2002, the Company was named Tricon Global Restaurants, Inc. For periods before October 7, 1997, the Company under the Prior Plan was PepsiCo, Inc., a North Carolina corporation.

(g) **Covered Compensation** : "Covered Compensation" as that term is defined in the Salaried Plan.

(h) **Credited Service** : The period of a Participant's employment, calculated in accordance with Section 3.3, which is counted for purposes of determining the amount of benefits payable to, or on behalf of, the Participant.

(i) **Disability Retirement Pension** : The Retirement Pension available to a Participant under Section 4.5.

(j) **Early 409A Retirement Pension** : The 409A Retirement Pension available to a Participant under Section 4.2.

(k) **Effective Date** : The date upon which this document for the 409A Program is effective, January 1, 2005. Certain identified provisions of the 409A Program or the Plan may be effective on different dates, to the extent noted herein.

(l) **Elapsed Time Service** : The period of time beginning with a Participant's first date of employment with the Yum! Brands Organization and ending with the Participant's Final Separation from Service, irrespective of any breaks in service between those two dates. By way of illustration, if a Participant began employment with the Yum! Brands Organization on January 1, 2000, left the employment of the Yum! Brands Organization from January 1, 2001 until December 31, 2004, and was then reemployed by the Yum! Brands Organization on January 1, 2005 until he had a Final Separation from Service on December 31, 2008, the Participant would have eight years of Elapsed Time Service as of his Final Separation from Service.

(m) **Eligible Spouse** : The spouse of a Participant to whom the Participant is married on the earlier of the Participant's Annuity Starting Date or the date of the Participant's death.

(n) **Employee** : An individual who qualifies as an "Employee" as that term is defined in the Salaried Plan.

(o) **Employer** : An entity that qualifies as an "Employer" as that term is defined in the Salaried Plan.

(p) **ERISA** : Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, including any amendments thereto, any similar subsequent federal laws, and any regulations from time to time in effect under any of such laws.

(q) **Highest Average Monthly Earnings** : "Highest Average Monthly Earnings" as that term is defined in the Salaried Plan, but without regard to the limitation imposed by section 401(a)(17) of the Code (as such limitation is interpreted and applied under the Salaried Plan). Notwithstanding the foregoing, to the extent that a Participant receives, during a leave of absence, earnings that would be counted as Highest Average Monthly Earnings if they were received during a period of active service, but that will be received after the Participant's Separation from Service, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such earnings were taken into account under the Plan.

(r) **Key Employee** : The individuals identified in accordance with the following paragraphs.

(1) In General . Any Participant who at any time during the applicable year is:

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

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

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

For purposes of subparagraph (i) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers. For purposes of this Section, annual compensation means compensation as defined in Treas. Reg. §1.415(c)-2(a), without regard to Treas. Reg. §§1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g). The Plan Administrator shall determine who is a Key Employee in accordance with Code Section 416(i) (provided, that Code Section 416(i)(5) shall not apply in making such determination), and provided further than the applicable year shall be determined in accordance with Section 409A and that any modification of the foregoing definition that applies under Section 409A shall be taken into account.

(2) Applicable Year . Effective from and after December 31, 2007, the Plan Administrator shall determine Key Employees effective as of the last day of each calendar year, based on compensation for such year, and such designation shall be effective for purposes of this Plan for the twelve-month period commencing on April 1 st of the next following calendar year (*e.g.* , the Key Employee determination by the Plan Administrator as of December 31, 2008 shall apply to the period from April 1, 2009 to March 31, 2010).

(s) **Late Retirement Date :** The Late Retirement Date shall be the first day of the month coincident with or immediately following a Participant's actual Retirement Date occurring after his Normal Retirement Age.

(t) **Late 409A Retirement Pension** : The Retirement Pension available to a Participant under Section 4.4.

(u) **Normal Retirement Age** : The Normal Retirement Age under the Plan is age 65 or, if later, the age at which a Participant first has 5 Years of Elapsed Time Service.

(v) **Normal Retirement Date** : A Participant's Normal Retirement Date shall be the first day of the month coincident with or immediately following a Participant's Normal Retirement Age.

(w) **Normal 409A Retirement Pension :** The Retirement Pension available to a Participant under Section 4.1.

(x) **Participant** : An Employee participating in the Plan in accordance with the provisions of Section 3.1.

(y) **Pension** : One or more payments that are payable by the Plan to a person who is entitled to receive benefits under the Plan. The term "409A Pension" shall be used to refer to the portion of a Pension that is derived from the 409A Program. The term "Pre-409A Pension" shall be used to refer to the portion of a Pension that is derived from the Pre-409A Program.

(z) **Plan :** The Yum! Brands, Inc. Pension Equalization Plan, the Plan set forth herein and in the Pre-409A Program documents, as the Plan may be amended from time to time (subject to the limitations on amendment that are applicable hereunder and under the Pre-409A Program). Prior to September 1, 2004, the Plan was known as the Tricon Pension Equalization Plan. The Plan is also sometimes referred to as PEP, and it is a successor to the PepsiCo Pension Equalization Plan, which was also known as the PepsiCo Pension Benefit Equalization Plan.

(aa) **Plan Administrator** : The Company, which shall have authority to administer the Plan as provided in Article VII.

(bb) **Plan Year** : The Plan Year shall be the 12-month period commencing on January 1 and ending on December 31.

(cc) **Pre-Retirement Spouse's Pension** : The Pension available to an Eligible Spouse under the Plan. The term "Pre-Retirement Spouse's 409A Pension" shall be used to refer to the Pension available to an Eligible Spouse under Section 4.6 of this document.

(dd) **Primary Social Security Amount** : In determining Pension amounts, Primary Social Security Amount shall mean:

(1) For purposes of determining the amount of a Retirement, Vested or Pre-Retirement Spouse's Pension, the Primary Social Security Amount shall be the estimated monthly amount that may be payable to a Participant commencing at age 65 as an old-age insurance benefit under the provisions of Title II of the Social Security Act, as amended. Such estimates of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the following assumptions:

(i) That the Participant's social security wages in any year prior to Retirement or Separation from Service are equal to the Taxable Wage Base in such year, and

(ii) That he will not receive any social security wages after Retirement or Separation from Service.

However, in computing a Vested Pension under Formula A of Section 5.2, the estimate of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the assumption that he continued to receive social security wages until age 65 at the same rate as the Taxable Wage Base in effect at his Separation from Service. For purposes of this subsection, "social security wages" shall mean wages within the meaning of the Social Security Act.

(2) For purposes of determining the amount of a Disability Pension, the Primary Social Security Amount shall be (except as provided in the next sentence) the initial monthly amount actually received by the disabled Participant as a disability insurance benefit under the provisions of Title II of the Social Security Act, as amended and in effect at the time of the Participant's Retirement due to disability. Notwithstanding the preceding sentence, for any period that a Participant receives a Disability Pension before receiving a disability insurance benefit under the provisions of Title II of the Social Security Act, then the Participant's Primary Social Security Amount for such period shall be determined pursuant to paragraph (1) above.

(3) For purposes of paragraphs (1) and (2), the Primary Social Security Amount shall exclude amounts that may be available because of the spouse or any dependent of the Participant or any amounts payable on account of the Participant's death. Estimates of Primary Social Security Amounts shall be made on the basis of the Social Security Act as in effect at the Participant's Separation from Service Date, without regard to any increases in the social security wage base or benefit levels provided by such Act which take effect thereafter.

(ee) **Prior Plan :** The PepsiCo Pension Equalization Plan.

(ff) **Qualified Joint and Survivor Annuity** : An Annuity which is payable to the Participant for life with 50 percent of the amount of such Annuity payable after the Participant's death to his surviving Eligible Spouse for life. If the Eligible Spouse predeceases the Participant, no survivor benefit under a Qualified Joint and Survivor Annuity shall be payable to any person. The amount of a Participant's monthly payment under a Qualified Joint and Survivor Annuity shall be reduced to the extent provided in Sections 5.1 and 5.2, as applicable.

(gg) **Retirement** : Separation from Service for reasons other than death after a Participant has fulfilled the requirements for either a Normal, Early, Late, or Disability Retirement Pension under Article IV.

(hh) **Retirement Date** : The date immediately following the Participant's Retirement.

(ii) **Retirement Pension** : The Pension payable to a Participant upon Retirement under the Plan. The term "409A Retirement Pension" shall be used to refer to the portion of a Retirement Pension that is derived from the 409A Program. The term "Pre-409A Retirement Pension" shall be used to refer to the portion of a Retirement Pension that is derived from the Pre-409A Program.

(jj) **Salaried Plan :** The Yum! Brands Retirement Program for Salaried Employees, the program of retirement benefits set forth in Parts B and D of the Yum! Brands Retirement Plan, as it may be amended from time to time. Any reference herein to the Salaried Plan for a period that is on or after September 7, 1997 but before December 30, 1998, shall mean the Tricon Salaried Employees Retirement Plan, which was renamed the Tricon Retirement Plan from December 30, 1998 to September 1, 2004. Any reference herein to the Salaried Plan for a period that is before the September 7, 1997 shall mean the PepsiCo Salaried Employees Retirement Plan.

(kk) **Section 409A :** Section 409A of the Code.

(ll) **Separation from Service** : A Participant's separation from service with the Yum! Brands Organization, within the meaning of Section 409A(a)(2)(A)(i). The term may also be used as a verb (*i.e.* , "Separates from Service") with no change in meaning. Notwithstanding the preceding sentence, a Participant's transfer to an entity owned 20% or more by the Company will not constitute a Separation of Service to the extent permitted by Section 409A. A Participant's "Final Separation from Service" is the date of his Separation from Service that most recently precedes his Annuity Starting Date; provided, however, that to the extent a Participant is reemployed after an Annuity Starting Date, he will have a new Final Separation from Service with respect to any benefits to which he becomes entitled as a result of his reemployment. The following principles shall generally apply in determining when a Separation from Service occurs:

(1) A Participant separates from service with the Company if the Employee dies, retires, or otherwise has a termination of employment with the Company. Whether a termination of employment has occurred is determined based on whether the facts and circumstance indicate that the Company and the Employee reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Employee would perform after such date (as an employee or independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period in which the Employee provided services to the Company if the Employee has been providing services for less than 36 months).

(2) An Employee will not be deemed to have experienced a Separation from Service if such Employee is on military leave, sick leave, or other bona fide leave of absence, to the extent such leave does not exceed a period of six months or, if longer, such longer period of time during which a right to re-employment is protected by either statute or contract. If the period of leave exceeds six months and the individual does not retain a right to re-employment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period.

Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence may be substituted for such six-month period.

(3) If an Employee provides services both an as employee and as a member of the Board of Directors of the Company, the services provided as a Director are generally not taken into account in determining whether the Employee has Separated from Service as an Employee for purposes of the Plan, in accordance with final regulations under Section 409A

(mm) **Service** : The period of a Participant's employment calculated in accordance with Section 3.2 for purposes of determining his entitlement to benefits under the Plan.

(nn) **Single Life Annuity :** A level monthly Annuity payable to a Participant for his life only, with no survivor benefits to his Eligible Spouse or any other person.

(oo) **Single Lump Sum** : The distribution of a Participant's total Pension in the form of a single payment, which payment shall be the Actuarial Equivalent of the Participant’s 409A Pension as of the Participant’s Normal Retirement Date (or Late Retirement Date, if applicable), but not less than the Actuarial Equivalent of the Participant’s 409A Pension as of the Participant’s Early Retirement Date, in the case of a Participant who is entitled to an immediate Early 409A Retirement Pension.

(pp) **Social Security Act :** The Social Security Act of the United States, as amended, an enactment providing governmental benefits in connection with events such as old age, death and disability. Any reference herein to the Social Security Act (or any of the benefits provided thereunder) shall be taken as a reference to any comparable governmental program of another country, as determined by the Plan Administrator, but only to the extent the Plan Administrator judges the computation of those benefits to be administratively feasible.

(qq) **Taxable Wage Base :** The contribution and benefit base (as determined under section 230 of the Social Security Act) in effect for the Plan Year.

(rr) **Vested Pension** : The Pension available to a Participant under Section 4.3. The term "409A Vested Pension" shall be used to refer to the portion of a Vested Pension that is derived from the 409A Program. The term "Pre-409A Vested Pension" shall be used to refer to the portion of a Vested Pension that is derived from the Pre-409A Program.

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

2.2 Construction : The terms of the Plan shall be construed in accordance with this section.

(a) Gender and Number : The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may include the plural, unless the context clearly indicates to the contrary.

(b) Compounds of the Word "Here" : The words "hereof", "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or section.

(c) Examples : Whenever an example is provided or the text uses the term "including" followed by a specific item or items, or there is a passage having a similar effect, such passages of the Plan shall be construed as if the phrase "without limitation" followed such example or term (or otherwise applied to such passage in a manner that avoids limits on its breadth of application).

(d) Subdivisions of the Plan Document : This Plan document is divided and subdivided using the following progression: articles, sections, subsections, paragraphs, subparagraphs, clauses and sub-clauses. Articles are designated by capital roman numerals. Sections are designated by Arabic numerals containing a decimal point. Subsections are designated by lower-case letters in parentheses. Paragraphs are designated by Arabic numerals in parentheses. Subparagraphs are designated by lower-case roman numerals in parentheses. Clauses are designated by upper-case letters in parentheses. Sub-clauses are designated by upper-case roman numerals in parentheses. Any reference in a section to a subsection (with no accompanying section reference) shall be read as a reference to the subsection with the specified designation contained in that same section. A similar rule shall apply with respect to paragraph references within a subsection and subparagraph references within a paragraph.

ARTICLE III

Participation and Service

3.1 Participation : An Employee shall be a Participant in the Plan during the period:

(a) When he would be currently entitled to receive a Pension under the Plan if his employment terminated at such time, or

(b) When he would be so entitled but for the vesting requirement of Section 4.7.

It is expressly contemplated that an Employee, who is entitled to receive a Pension under the Plan as of a particular time, may subsequently cease to be entitled to receive a Pension under the Plan.

3.2 Service : A Participant's entitlement to a Pension and to a Pre-Retirement Spouse's Pension for his Eligible Spouse shall be determined under Article IV based upon his period of Service. A Participant's period of Service shall be determined under Article III of the Salaried Plan. If a Participant's period of Service (as so determined) would extend beyond the Participant's Separation from Service date because of a leave of absence, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such Service were taken into account under the Plan.

3.3 Credited Service : The amount of a Participant's Pension and a Pre-Retirement Spouse's Pension shall be based upon the Participant's period of Credited Service, as determined under Article III of the Salaried Plan. If a Participant's period of Credited Service (as so determined) would extend beyond the Participant's Separation from Service date because of a leave of absence, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such Service were taken into account under the Plan.

ARTICLE IV

Requirements for Benefits

A Participant shall be eligible to receive a Pension and a surviving Eligible Spouse shall be eligible for certain survivor benefits as provided in this Article. The amount of any such Pension or survivor benefit shall be determined in accordance with Article V.

4.1 Normal 409A Retirement Pension : A Participant shall be eligible for a Normal 409A Retirement Pension if he is employed in an eligible classification and Separates from Service after attaining Normal Retirement Age (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored).

4.2 Early 409A Retirement Pension : A Participant shall be eligible for an Early 409A Retirement Pension if he is employed in an eligible classification and Separates from Service prior to attaining Normal Retirement Age but after attaining at least age 55 and completing 10 or more years of Elapsed Time Service (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored).

4.3 409A Vested Pension: A Participant who is vested under Section 4.7 shall be eligible to receive a 409A Vested Pension if he is employed in an eligible classification under the Salaried Plan and Separates from Service before he is eligible for a Normal 409A Retirement Pension or an Early 409A Retirement Pension (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored). A Participant who terminates employment prior to satisfying the vesting requirement in Section 4.7 shall not be entitled to receive a Pension under this Plan.

4.4 Late 409A Retirement Pension : A Participant who continues without a Separation from Service after his Normal Retirement Age shall not receive a Pension until his Late Retirement Date. Thereafter, a Participant shall be eligible for a Late Retirement Pension determined in accordance with Section 4.4 of the Salaried Plan (but without regard to any requirement for notice of suspension under ERISA section 203(a)(3)(B) or any adjustment as under Section 5.5(d) of the Salaried Plan).

4.5 409A Disability Pension : A Participant shall be eligible for a 409A Disability Pension if he meets the requirements for a Disability Pension under the Salaried Plan. A Participant's 409A Disability Pension, if any, shall generally be comprised of two parts. The first part shall represent the benefits with respect to a disabled Participant's Credited Service through the day of the Participant's Separation from Service (*i.e.* , the Participant's "Pre-Separation Accruals"). In the event the disabled Participant continues to receive Credited Service related to the disability after such Separation from Service, the Participant's 409A Disability Pension shall have a second part, which shall represent all benefits accrued with respect to Credited Service from the date immediately following the Participant's Separation from Service until the earliest of the Participant's (i) attainment of age 65, (ii) benefit commencement date under the Salaried Plan or (iii) recovery from the disability (*i.e.* , the Participant's "Post-LTD Accruals").

4.6 Pre-Retirement Spouse's 409A Pension : Any Pre-Retirement Spouse's 409A Pension is payable under this section only in the event the Participant dies prior to his Annuity Starting Date. Any Pre-Retirement Spouse's 409A Pension payable on behalf of a Participant shall commence as of the first day of the month following the Participant's death and, subject to Section 4.9, shall be paid as either (a) a lump sum, if the Participant would have been entitled to a 409A Retirement Pension on the date of his death, or (b) a monthly annuity for the life of the Eligible Spouse, if the Participant would have been entitled to a 409A Vested Pension on the date of his death.

(a) Active, Disabled and Retired Employees : A Pre-Retirement Spouse's 409A Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to the special pre-retirement spouse's pension for survivors of active, disabled and retired employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.3 (with the 409A Pension, if any, determined after application of Section 5.6).

(b) Vested Employees : A Pre-Retirement Spouse's 409A Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to the pre-retirement spouse's pension for survivors of vested terminated Employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.3 (with the 409A Pension, if any determined after application of Section 5.6). If pursuant to this Section 4.6(b) a Participant has Pre-Retirement Spouse's coverage in effect for his Eligible Spouse, any Pension calculated for the Participant under Section 5.2(b) shall be reduced for each year such coverage is in effect by the applicable percentage set forth below (based on the Participant's age at the time the coverage is in effect) with a pro rata reduction for any portion of a year. No reduction shall be made for coverage in effect within the 90-day period following a Participant's termination of employment.

Attained Age	Annual Charge
Up to 35	0.00 %
35 -- 39	0.075 %
40 -- 44	0.10 %
45 -- 49	0.175 %
50 -- 54	0.30 %
55 -- 59	0.50 %
60 -- 64	0.50 %

4.7 Vesting : A Participant shall be fully vested in, and have a nonforfeitable right to, his Accrued Benefit at the time he becomes fully vested in his accrued benefit under the Salaried Plan.

4.8 Time of Payment : The distribution of a Participant's 409A Pension shall commence as of the time specified in Section 6.1, subject to Section 6.6.

4.9 Cashout Distributions

Notwithstanding the availability or applicability of a different form of payment under Article VI, the following rules shall apply in the case of certain small benefit Annuity payments:

(a) Distribution of Participant's Pension : If at a Participant's Annuity Starting Date the Actuarial Equivalent lump sum value of the Participant's PEP Pension is equal to or less than $15,500, the Plan Administrator shall distribute to the Participant such lump sum value of the Participant's PEP Pension.

(b) Distribution of Pre-Retirement Spouse's Pension Benefit : If at the time payments are to commence to an Eligible Spouse under Section 4.6, the Actuarial Equivalent lump sum value of the PEP Pre-Retirement Spouse's Pension to be paid is equal to or less than $15,500, the Plan Administrator shall distribute to the Eligible Spouse such lump sum value of the PEP Pre-Retirement Spouse's Pension.

Any lump sum distributed under this section shall be in lieu of the Pension that otherwise would be distributable to the Participant or Eligible Spouse hereunder.

4.10 Reemployment of Certain Participants : In the case of a current or former Participant who is receiving his Pension as an Annuity under Section 6.1(b), and who is reemployed and is eligible to re-participate in the Salaried Plan after his Annuity Starting Date, payment of his 409A Pension will continue to be paid in the same form as it was paid prior to his reemployment. Any additional 409A Pension that is earned by the Participant shall be paid based on the Separation from Service that follows the Participant's re-employment.

ARTICLE V

Amount of Retirement Pension

When a 409A Pension becomes payable to or on behalf of a Participant under this Plan, the amount of such 409A Pension shall be determined under Section 5.1, 5.2 or 5.3 (whichever is applicable), subject to any adjustments required under Sections 4.6(b), 5.4 and 5.5.

5.1 Participant's 409A Pension

(a) Calculating the 409A Pension: A Participant's 409A Pension shall be calculated as follows (on the basis specified in subsection (b) below and using the definitions appearing in subsection (c) below):

(1) His Total Pension, reduced by

(2) His Salaried Plan Pension, and then further reduced by (but not below zero)

(3) His Pre-409A Pension.

(b) Basis for Determining : The 409A Pension Benefit amount in subsection (a) above shall be determined on a basis that takes into account applicable reductions for early commencement and that reflects, as applicable, the relative value of forms of payment.

(c) Definitions : The following definitions apply for purposes of this section.

(1) A Participant's "Total Pension" means the greater of:

(i) The amount of the Participant's pension determined under the terms of the Salaried Plan, but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the Salaried Plan), and (B) the actuarial adjustment under Section 5.7(d) of the Salaried Plan (relating to benefits that are deferred beyond the Participant's Normal Retirement Date); or

(ii) The amount (if any) of the Participant's PEP Guarantee determined under Section 5.2.

As necessary to ensure the Participant's receipt of a "greater of" benefit, the foregoing comparison shall be made by reflecting, as applicable, the relative value of forms of payment.

(2) A Participant's "Salaried Plan Pension" means the amount of the Participant's pension determined under the terms of the Salaried Plan.

5.2 PEP Guarantee : A Participant who is eligible under subsection (a) below shall be entitled to a PEP Guarantee benefit determined under subsection (b) below. In the case of other Participants, the PEP Guarantee shall not apply.

(a) Eligibility : A Participant shall be covered by this section if the Participant has 1988 pensionable earnings from an Employer of at least $75,000. For purposes of this section, "1988 pensionable earnings" means the Participant's remuneration for the 1988 calendar year, which was recognized for benefit received under the Salaried Plan as in effect in 1988. "1988 pensionable earnings" does not include remuneration from an entity attributable to any period when that entity was not an Employer.

(b) PEP Guarantee Formula : The amount of a Participant's PEP Guarantee shall be determined under the applicable formula in paragraph (1), subject to the special rules in paragraph (2).

(1) Formulas : The amount of a Participant's Pension under this paragraph shall be determined in accordance with subparagraph (i) below. However, if the Participant was actively employed by the Yum! Brands Organization in a classification eligible for the Salaried Plan prior to July 1, 1975, the amount of his Pension under this paragraph shall be the greater of the amounts determined under subparagraphs (i) and (ii), provided that subparagraph (ii)(B) shall not apply in determining the amount of a Vested Pension.

(i) Formula A : The Pension amount under this subparagraph shall be:

(A) 3 percent of the Participant's Highest Average Monthly Earnings for the first 10 years of Credited Service, plus

(B) 1 percent of the Participant's Highest Average Monthly Earnings for each year of Credited Service in excess of 10 years, less

(C) 1-2/3 percent of the Participant's Primary Social Security Amount multiplied by years of Credited Service not in excess of 30 years.

In determining the amount of a Vested Pension under this Formula A, the Pension shall first be calculated on the basis of (I) the Credited Service the Participant would have earned had he remained in the

employ of the Employer until his Normal Retirement Age, and (II) his Highest Average Monthly Earnings and Primary Social Security Amount at his Separation from Service, and then shall be reduced by multiplying the resulting amount by a fraction, the numerator of which is the Participant's actual years of Credited Service on his Separation from Service and the denominator of which is the years of Credited Service he would have earned had he remained in the employ of an Employer until his Normal Retirement Age.

(ii) Formula B : The Pension amount under this subparagraph shall be the greater of (A) or (B) below:

(A) 1-1/2 percent of Highest Average Monthly Earnings times the number of years of Credited Service, less 50 percent of the Participant's Primary Social Security Amount, or

(B) 3 percent of Highest Average Monthly Earnings times the number of years of Credited Service up to 15 years, less 50 percent of the Participant's Primary Social Security Amount.

In determining the amount of a Disability Pension under Formula A or B above, the Pension shall be calculated on the basis of the Participant's Credited Service (determined in accordance with Section 3.3(d)(3) of the Salaried Plan), and his Highest Average Monthly Earnings and Primary Social Security Amount at the date of disability.

(2) Calculation : The amount of the PEP Guarantee shall be determined pursuant to paragraph (1) above, subject to the following special rules:

(i) Surviving Eligible Spouse's Annuity : Subject to subparagraph (iii) below and the last sentence of this subparagraph, if the Participant has an Eligible Spouse and has commenced receipt of an Annuity under this section, the Participant's Eligible Spouse shall be entitled to receive a survivor annuity equal to 50 percent of the Participant's Annuity under this section, with no corresponding reduction in such Annuity for the Participant. Annuity payments to a surviving Eligible Spouse shall begin on the first day of the month coincident with or following the Participant's death and shall end with the last monthly payment due prior to the Eligible Spouse's death. If the Eligible Spouse is more than 10 years younger than the Participant, the survivor benefit payable under this subparagraph shall be adjusted as provided below.

(A) For each full year more than 10 but less than 21 that the surviving Eligible Spouse is younger than the Participant, the survivor benefit payable to such spouse shall be reduced by 0.8 percent.

(B) For each full year more than 20 that the surviving Eligible Spouse is younger than the Participant, the survivor benefit payable to such spouse shall be reduced by an additional 0.4 percent.

(ii) Reductions : The following reductions shall apply in determining a Participant's PEP Guarantee.

(A) If the Participant will receive an Early Retirement Pension, the payment amount shall be reduced by 3/12ths of 1 percent for each month by which the benefit commencement date precedes the date the Participant would attain his Normal Retirement Date.

(B) If the Participant is entitled to a Vested Pension, the payment amount shall be reduced to the actuarial equivalent of the amount payable at his Normal Retirement Date (if payment commences before such date), and the Section 4.6(b) reductions for any Pre-Retirement Spouse's coverage shall apply.

(C) This clause applies if the Participant will receive his Pension in a form that provides an Eligible Spouse benefit, continuing for the life of the surviving spouse, that is greater than that provided under subparagraph (i). In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the actuarial equivalent of the Pension otherwise payable under the foregoing provisions of this section.

(D) This clause applies if the Participant will receive his Pension in a form that provides a survivor annuity for a beneficiary who is not his Eligible Spouse. In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the actuarial equivalent of a Single Life Annuity for the Participant's life.

(E) This clause applies if the Participant will receive his Pension in a Annuity form that includes inflation protection described in Section 6.2(b). In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the actuarial equivalent of the elected Annuity without such protection.

(iii) Lump Sum Conversion : The amount of the Retirement Pension determined under this section for a Participant whose Retirement Pension will be distributed in the form of a lump sum shall be the actuarial equivalent of the Participant's PEP Guarantee determined under this section, taking into account the value of any survivor benefit under subparagraph (i) above and any early retirement reductions under subparagraph (ii)(A) above.

For purposes of this paragraph (2), actuarial equivalence shall be determined taking into account the PEP Guarantee's purpose to preserve substantially the value of a benefit under the pre-1989 terms of the Plan and the 409A Plan's design that offers alternative annuities that are considered actuarial equivalent for purposes of Section 409A (taking into account, without limitation, the special rule for subsidized joint and survivor annuities in Treasury Regulation § 1.409A-3(b)(ii)(C)).

5.3 Amount of Pre-Retirement Spouse's 409A Pension : The monthly amount of the Pre-Retirement Spouse's 409A Pension payable to a surviving Eligible Spouse under Section 4.6 shall be determined under subsection (a) below.

(a) Calculation : An Eligible Spouse's Pre-Retirement Spouse's 409A Pension shall be the difference between:

(1) The Eligible Spouse's Total Pre-Retirement Spouse's Pension, reduced by

(2) The Eligible Spouse's Salaried Plan Pre-Retirement Spouse's Pension, and then further reduced by (but not below zero)

(3) The Eligible Spouse's Pre-Retirement Spouse's Pension derived from the Pre-409A Program.

(b) Definitions : The following definitions apply for purposes of this section.

(1) An Eligible Spouse's "Total Pre-Retirement Spouse's Pension" means the greater of:

(i) The amount of the Eligible Spouse's pre-retirement spouse's pension determined under the terms of the Salaried Plan, but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the Salaried Plan), and (B) the actuarial adjustment under Section 5.5(d) of the Salaried Plan; or

(ii) The amount (if any) of the Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension determined under subsection (c).

In making this comparison, the benefits in subparagraphs (i) and (ii) above shall be calculated as if payable as of what would be the Normal Retirement Date of the Participant related to the Eligible Spouse.

(2) An "Eligible Spouse's Salaried Plan Pre-Retirement Spouse's Pension" means the Pre-Retirement Spouse's Pension that would be payable to the Eligible Spouse under the terms of the Salaried Plan.

(3) An "Eligible Spouse's Pre-Retirement Spouse's Pension derived from the Pre-409A Program" means the Pre-Retirement Spouse's Pension that would be payable to the Eligible Spouse under the terms of the Pre-409A Program.

(c) PEP Guarantee Pre-Retirement Spouse's Pension : An Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension shall be determined in accordance with paragraph (1) or (2) below, whichever is applicable, with reference to the PEP Guarantee (if any) that would have been available to the Participant under Section 5.2.

(1) Normal Rule : The Pre-Retirement Spouse's Pension payable under this paragraph shall be equal to the amount that would be payable as a survivor annuity, under a Qualified Joint and Survivor Annuity, if the Participant had:

(i) Separated from Service on the date of death (or, if earlier, his actual Separation from Service);

(ii) Commenced a Qualified Joint and Survivor Annuity on the same date payments of the Qualified Pre-Retirement Spouse's Pension are to commence; and

(iii) Died on the day immediately following such commencement.

(2) Special Rule for Active and Disabled Employees : Notwithstanding paragraph (1) above, the Pre-Retirement Spouse's Pension paid on behalf of a Participant described in Section 4.6(a) shall not be less than an amount equal to 25 percent of such Participant's PEP Guarantee (if any) determined under Section 5.2. For this purpose, Credited Service shall be determined as provided in Section 3.3(d)(2) of the Salaried Plan, and the deceased Participant's Highest Average Monthly Earnings, Primary Social Security Amount and Covered Compensation shall be determined as of his date of death. A Pre-Retirement Spouse's Pension under this paragraph is not reduced for early commencement.

Principles similar to those applicable under (i) Section 5.1(b), and (ii) the last sentence of Section 5.2(b)(2) shall apply in determining the Pre-Retirement Spouse’s 409A Pension under this section.

5.4 Certain Adjustments : Pensions determined under the foregoing sections of this Article are subject to adjustment as provided in this section. For purposes of this section, "specified plan" shall mean the Salaried Plan or a nonqualified pension plan similar to this Plan. A nonqualified pension plan is similar to this Plan if it is sponsored by a member of the Yum! Brands Organization and if its benefits are not based on participant pay deferrals (this category of similar plans includes the Yum! Brands, Inc. Pension Equalization Plan).

(a) Adjustments for Rehired Participants : This subsection shall apply to a current or former Participant who is reemployed after his Annuity Starting Date and whose benefit under the Salaried Plan is recalculated based on an additional period of Credited Service. In the event of any such recalculation, the Participant's PEP Pension shall also be recalculated hereunder to the maximum extent permissible under Section 409A. For this purpose and to the maximum extent permissible under Section 409A, the PEP Guarantee under Section 5.2 is adjusted for in-service distributions and prior distributions in the same manner as benefits are adjusted under the Salaried Plan, but by taking into account benefits under this Plan and any specified plans.

(b) Adjustment for Increased Pension Under Other Plans : If the benefit paid under a specified plan on behalf of a Participant is increased after PEP benefits on his behalf have been determined (whether the increase is by order of a court, by agreement of the plan administrator of the specified plan, or otherwise), then the PEP benefit for the Participant shall be recalculated to the maximum extent permissible under Section 409A. If the recalculation identifies an overpayment hereunder, the Plan Administrator shall take such steps as it deems advisable to recover the overpayment. It is specifically intended that there shall be no duplication of payments under this Plan and any specified plans to the maximum extent permissible under Section 409A.

5.5 Excludable Employment : An executive who has signed a written agreement with the Company pursuant to which the individual either (i) waives eligibility under the Plan (even if the individual otherwise meets the definition of Employee under the Plan), or (ii) agrees not to participate in the Plan, shall not thereafter become entitled to a benefit or to any increase in benefits in connection with such employment (whichever applies). Written agreements may be entered into either before or after the executive becomes eligible for or begins participation in the Plan, and such written agreement may take any form that is deemed effective by the Company. This Section 5.5 shall apply with respect to agreements that are entered into on or after January 1, 2009.

5.6 Pre-409A Pension : A Participant's Pre-409A Pension is the portion of the Participant's Pension that is grandfathered under Treasury Regulation § 1.409A-6(a)(3)(i) and (iv). Principles similar to those applicable under (i) Section 5.1(b), and (ii) the last sentence of Section 5.2(b)(2) shall apply in determining the Pre-409A Pension under this section.

ARTICLE VI

Distribution of Benefits

The terms of this Article govern (i) the distribution of benefits to a Participant who becomes entitled to a 409A Pension, and (ii) the continuation of benefits (if any) to such Participant's beneficiary following the Participant's death. The distribution of a Pre-409A Pension is governed by the terms of the Pre-409A Program.

6.1 Form and Timing of Distributions : Benefits under the 409A Program shall be distributed as follows:

(a) 409A Retirement Pension : The following rules govern the distribution of a Participant's 409A Retirement Pension:

(1) Generally : A Participant's 409A Retirement Pension shall be distributed as a Single Lump Sum on the first day of the month that is coincident with or next follows the Participant's Retirement Date, subject to paragraph (2) and Section 6.6 (delay for Key Employees).

(2) Prior Payment Election : Notwithstanding paragraph (1), a Participant who is entitled to a 409A Retirement Pension and who made an election (i) either (A) up to and including December 31, 2006, or (B) between January 1, 2008 and December 31, 2008 (inclusive), and (ii) at least six months prior to and in a calendar year prior to the Participant's Annuity Starting Date shall receive his benefit in accordance with such payment election. A payment election allowed a Participant to choose either (i) to receive a distribution of his benefit in an Annuity form, (ii) to commence distribution of his benefit at a time other than as

provided in paragraph 6.1(a)(1), or both (i) and (ii). A payment election made by a Participant who is only eligible to receive a Vested Pension on his Separation from Service shall be disregarded. Subject to Section 4.9 (cashouts), a Participant who has validly elected to receive an Annuity shall receive his benefit as a Qualified Joint and Survivor Annuity if he is married or as a Single Life Annuity if he is unmarried, unless he elects one of the optional forms of payment described in Section 6.2 in accordance with the election procedures in Section 6.3(a). A Participant shall be considered married if he is married on his Annuity Starting Date. To the extent a Participant's benefit commences later than it would under paragraph 6.1(a)(1) as a result of an election under this paragraph 6.1(a)(2), the Participant's benefit will be paid with interest equal to that specified in Section 6.6(c), which interest shall be paid at the time elected by the Participant under this paragraph 6.1(a)(2).

(b) 409A Vested Pension : Subject to Sections 4.9, Section 6.6 and subsection (c) below, a Participant's 409A Vested Pension shall be distributed in accordance with paragraph (1) or (2) below, unless, in the case of a married Participant (as determined under the standards in paragraph 6.1(a)(2), above), he elects one of the optional forms of payment distributions in Section 6.2 in accordance with the election procedures in Section 6.3(a):

(1) Separation Prior to Age 55 : In the case of a Participant who Separates from Service with at least five years of Service prior to attaining age 55, the Participant's 409A Vested Pension shall be distributed as an Annuity commencing on the first of the month that is coincident with or immediately follows the date he attains age 55, which shall be the Annuity Starting Date of his 409A Vested Pension. A distribution under this subsection shall be in the form of a Qualified Joint and Survivor Annuity if the Participant is married, or as a Single Life Annuity if he is not married. A Participant shall be considered married for purposes of this paragraph if he is married on the Annuity Starting Date of his 409A Vested Pension.

(2) Separation at Ages 55 Through 64 : In the case of a Participant who Separates from Service with at least five years but less than ten years of Service and on or after attaining age 55 but prior to attaining age 65, the Participant's 409A Vested Pension shall be distributed as an Annuity (as provided in paragraph (1) above) commencing on the first of the month that follows his Separation from Service.

(c) Disability Pension : The portion of a Participant's 409A Disability Pension representing Pre-Separation Accruals shall be paid on the first day of the month following the later of (i) the Participant's attainment of age 55 and (ii) the Participant's Separation from Service. The portion of a Participant's 409A Disability Pension representing Pre-Separation Accruals shall be paid in the form otherwise applicable under Section 6.1(a). The portion of a Participant's 409A Disability Pension representing Post-LTD Accruals shall be paid on the first day of the month following the Participant's attainment of age 65 in a lump sum.

6.2 Available Forms of Payment : This section sets for the payment options available to a Participant who is entitled to a Retirement Pension under paragraph 6.1(a)(2) above or a Vested Pension under subsection 6.1(b) above.

(a) Basic Forms : A Participant who is entitled to a Retirement Pension may choose one of the following optional forms of payment by making a valid election in accordance with the election procedures in Section 6.3(a). A Participant who is entitled to a Vested Pension and who is married on his Annuity Starting Date may choose one of the optional forms of payment available under paragraphs (1), 2(ii) or 2(iii) below with his Eligible Spouse as his beneficiary (and no other optional form of payment available under this subsection (a) shall be permitted to such a Participant). A Participant who is entitled to a Vested Pension and who is not married on his Annuity Starting Date shall receive a Single Life Annuity. Each optional annuity is the actuarial equivalent of the Single Life Annuity:

(1) Single Life Annuity Option : A Participant may receive his 409A Pension in the form of a Single Life Annuity, which provides monthly payments ending with the last payment due prior to his death.

(2) Survivor Options : A Participant may receive his 409A Pension in accordance with one of the following survivor options:

(i) 100 Percent Survivor Option : The Participant shall receive a reduced 409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the same reduced amount shall continue after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(ii) 75 Percent Survivor Option : The Participant shall receive a reduced Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 75 percent of such reduced Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(iii) 50 Percent Survivor Option : The Participant shall receive a reduced 409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 50 percent of such reduced 409A Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death. A 50 percent survivor option under this paragraph shall be a Qualified Joint and Survivor Annuity if the Participant's beneficiary is his Eligible Spouse.

(iv) Ten Years Certain and Life Option : The Participant shall receive a reduced 409A Pension which shall be payable monthly for his lifetime but for not less than 120 months. If the retired Participant dies before 120 payments have been made, the monthly 409A Pension amount shall be paid for the remainder of the 120 month period to the Participant's primary beneficiary (or if the primary beneficiary has predeceased the Participant, the Participant's contingent beneficiary).

(b) Inflation Protection : The following levels of inflation protection may be provided to any Participant who elects to receive all or a part of his 409A Retirement Pension as an Annuity:

(1) 5 Percent Inflation Protection : A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 5 percent. The amount of the increase shall be the difference between inflation in the prior year and 5 percent.

(2) 7 Percent Inflation Protection : A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 7 percent. The amount of the increase shall be the difference between inflation in the prior year and 7 percent.

Benefits shall be subject to increase in accordance with this subsection each January 1, beginning with the second January 1 following the Participant's Annuity Starting Date. The amount of inflation in the prior year shall be determined based on inflation in the 12-month period ending on September 30 of such year, with inflation measured in the same manner as applies on the Effective Date for adjusting Social Security benefits for changes in the cost of living. Inflation protection that is in effect shall carry over to any survivor benefit payable on behalf of a Participant, and shall increase the otherwise applicable survivor benefit as provided above. Any election by a Participant to receive inflation protection shall be irrevocable by such Participant or his surviving beneficiary.

6.3 Procedures for Elections : This section sets forth the procedures for making Annuity Starting Date elections (*i.e.* , elections under Section 6.2). Subsection (a) sets forth the procedures for making a valid election of an optional form of payment under Section 6.2 and subsection (b) includes special rules for Participants with multiple Annuity Starting Dates. An election under this Article VI shall be treated as received on a particular day if it is: (i) postmarked that day, or (ii) actually received by the Plan Administrator on that day. Receipt under (ii) must occur by the close of business on the date in question, which time is to be determined by the Plan Administrator. Spousal consent is not required for an election to be valid.

(a) Election of an Optional Form of Payment : To be valid, an election of an optional form of Annuity under Section 6.2, for (i) a Participant's 409A Retirement Pension (if a proper election was made under paragraph 6.1(a)(2)) or (ii) a Participant's 409A Vested Terminated Pension, must be in writing, signed by the Participant, and received by the Plan Administrator at least one day prior to the Annuity Starting Date that applies to the Participant's Pension in accordance with Section 6.1. In addition, an election under this subsection must specify one of the optional forms of payment available under Section 6.2 and a beneficiary, if applicable, in accordance with Section 6.5 below. To the extent permitted by the Plan Administrator, an election made through electronic media shall be considered to satisfy the requirement for a written election, and an electronic affirmation of such an election shall be considered to satisfy the requirement for a signed election.

(b) Multiple Annuity Starting Dates : When amounts become payable to a Participant in accordance with Article IV, they shall be payable as of the Participant's Annuity Starting Date and the election procedures (in this section and Sections 6.1 and 6.5) shall apply to all of the Participant's unpaid accruals as of such Annuity Starting Date, with the following exception. In the case of a Participant who is rehired after his initial Annuity Starting Date and who (i) is currently receiving an Annuity that remained in pay status upon rehire, or (ii) was previously paid a lump sum distribution (other than a cashout distribution described in Section 4.9(a)), the Participant's subsequent Annuity Starting Date (as a result of his subsequent Separation from Service), and the election procedures at such subsequent Annuity Starting Date, shall apply only to the portion of his benefit that accrues after his rehire. Any prior accruals that remain to be paid as of the Participant's subsequent Annuity Starting Date shall continue to be payable in accordance with the elections made at his initial Annuity Starting Date.

6.4 Special Rules for Survivor Options : The following special rules shall apply for the survivor options available under Section 6.2.

(a) Effect of Certain Deaths : If a Participant makes an election under Section 6.3(a) to receive his 409A Retirement Pension in the form of an optional Annuity that includes a benefit for a surviving beneficiary under Section 6.2 and the Participant or his beneficiary (beneficiaries in the case of the option form of payment in Section 6.2(a)(2)(iv)) dies prior to the Annuity Starting Date of such Annuity, the election shall be disregarded. If the Participant dies after this Annuity Starting Date but before his 409A Retirement Pension actually commences, the election shall be given effect and the amount payable to his surviving Eligible Spouse or other beneficiary shall commence on the first day of the month following his death (any back payments due the Participant shall be payable to his estate). In the case of a Participant who has elected the form of payment described in Section 6.2(a)(2)(iv), if such Participant (i) dies after his Annuity Starting Date, (ii) without a surviving primary or contingent beneficiary, and (iii) before receiving 120 payments under the form of payment, then the remaining payments due under such form of payment shall be paid to the Participant's estate. If payments have commenced under such form of payment to a Participant's primary or contingent beneficiary and such beneficiary dies before payments are completed, then the remaining payments due under such form of payment shall be paid to such beneficiary's estate.

(b) Non-spouse Beneficiaries : If a Participant's beneficiary is not his Eligible Spouse, he may not elect:

(1) The 100 percent survivor option described in Section 6.2(a)(2)(i) if his non-spouse beneficiary is more than 10 years younger than he is, or

(2) The 75 percent survivor option described in Section 6.2(a)(2)(ii) if his non-spouse beneficiary is more than 19 years younger than he is.

6.5 Designation of Beneficiary : A Participant who has elected under Section 6.2 to receive all or part of his Retirement Pension in a form of payment that includes a survivor option shall designate a beneficiary who will be entitled to any amounts payable on his death. Such designation shall be made on the election form used to choose such optional form of payment or an approved election form filed under the Salaried Plan, whichever is applicable. In the case of the survivor option described in Section 6.2 (a)(2)(iv), the Participant shall be entitled to name both a primary beneficiary and a contingent beneficiary. A Participant (whether active or former) shall have the right to change or revoke his beneficiary designation at any time prior to his Annuity Starting Date. The designation of any beneficiary, and any change or revocation thereof, shall be made in accordance with rules adopted by the Plan Administrator. A beneficiary designation shall not be effective unless and until filed with the Plan Administrator (or for periods before the Effective Date, the Plan Administrator under the Prior Plan). If no beneficiary is properly designated and a Participant elects a survivor's option described in Section 6.2(a)(2), the Participant's beneficiary shall be his Eligible Spouse. A Participant entitled to a Vested Pension does not have the right or ability to name a beneficiary; if the Participant is permitted under Section 6.2 to elect an optional form of payment, then his beneficiary shall be his Eligible Spouse on his Annuity Starting Date.

6.6 Required Delay for Key Employees : Notwithstanding Section 6.1 above, if a Participant is classified as a Key Employee upon his Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then distributions to the Participant shall commence as follows:

(a) Distribution of a Retirement Pension : In the case of a Key Employee Participant who is entitled to a 409A Retirement Pension, distributions shall commence on the earliest first of the month that is at least six months after the date the Participant Separates from Service (or, if earlier, the Participant's death). For periods before 2009, commencement of distributions, however, shall not be delayed under the preceding sentence if the Participant's 409A Retirement Pension was required to commence at the same time and in the same form as his pension under the Salaried Plan in accordance with subsection A.3(b) of Article A of the Appendix.

(b) Distribution of a Vested Pension . In the case of a Participant who is entitled to a 409A Vested Pension, distributions shall commence as provided in Section 6.1(b), or if later, on the earliest first of the month that is at least six months after the Participant's Separation from Service (or, if earlier, the Participant's death). For periods before 2009, commencement of distributions, however, shall not be delayed under the preceding sentence if the Participant's 409A Vested Pension was required to commence at the same time and in the same form as his pension under the Salaried Plan in accordance with subsection A.3(b) of Article A of the Appendix.

(c) Interest Paid for Delay . Any payments to the Participant that are delayed in accordance with the provisions of this Section 6.6 shall be accumulated and paid as a lump sum payment, with interest equal to the rate selected from time to time by the Plan Administrator ("Specified Rate"), on the date payment occurs in accordance with subsection (a) or (b) above, whichever is applicable. If a Participant's beneficiary or estate is paid under subsection (a) or (b) above as a result of his death, then any payments that would have been made to the Participant and that were delayed in accordance with the provisions of this Section 6.6 shall be paid as otherwise provided in the Plan, with interest equal to the Specified Rate paid from the date the Participant would have commenced his 409A Pension absent the application of this Section 6.6 until the date of actual payment of such amounts to the Participant's beneficiary or estate.

6.7 Payment of FICA and Related Income Taxes : As provided in subsections (a) through (c) below, a portion of a Participant's 409A Pension shall be paid as a single lump sum and remitted directly to the Internal Revenue Service ("IRS") in satisfaction of the Participant's FICA Amount and the related withholding of income tax at source on wages (imposed under Code Section 3401 or the corresponding withholding provisions of the applicable state, local or foreign tax laws as a result of the payment of the FICA Amount) and the additional withholding of income tax at source on wages that is attributable to the pyramiding of wages and taxes.

(a) Timing of Payment: As of the date that the Participant's FICA Amount and related income tax withholding are due to be deposited with the IRS, a lump sum payment equal to the Participant's FICA Amount and any related income tax withholding shall be paid from the Participant's 409A Pension and remitted to the IRS (or other applicable tax authority) in satisfaction of such FICA Amount and income tax withholding related to such FICA Amount. The classification of a Participant as a Key Employee (as defined in Section 2.1(r)) shall have no effect on the timing of the lump sum payment under this subsection (a).

(b) Reduction of 409A Pension . To reflect the payment of a Participant's FICA Amount and any related income tax liability, the Participant's 409A Pension shall be reduced, effective as of the date for payment of the lump sum in accordance with subsection (a) above, with such reduction being the Actuarial Equivalent of the lump sum payment used to satisfy the Participant's FICA Amount and related income tax withholding. It is expressly contemplated that this reduction may occur effective as of a date that is after the date payment of a Participant's 409A Pension commences.

(c) No Effect on Commencement of 409A Pension . The Participant's 409A Pension shall commence in accordance with the terms of this Plan. The lump sum payment to satisfy the Participant's FICA Amount and related income tax withholding shall not affect the time of payment of the Participant's actuarially reduced 409A Pension, including not affecting any required delay in payment to a Participant who is classified as a Key Employee.

ARTICLE VII

Administration

7.1 Authority to Administer Plan : The Plan shall be administered by the Plan Administrator, which shall have the authority to interpret the Plan and issue such regulations as it deems appropriate. The Plan Administrator shall maintain Plan records and make benefit calculations, and may rely upon information furnished it by the Participant in writing, including the Participant's current mailing address, age and marital status. The Plan Administrator's interpretations, determinations, regulations and calculations shall be final and binding on all persons and parties concerned. The Company, in its capacity as Plan Administrator or in any other capacity, shall not be a fiduciary of the Plan for purposes of ERISA, and any restrictions that apply to a party in interest under section 406 of ERISA shall not apply to the Company or otherwise under the Plan.

7.2 Facility of Payment : Whenever, in the Plan Administrator's opinion, a person entitled to receive any payment of a benefit or installment thereof hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Plan Administrator may make payments to such person or to the legal representative of such person for his benefit, or the Plan Administrator may apply the payment for the benefit of such person in such manner as it considers advisable. Any payment of a benefit or installment thereof in accordance with the provisions of this section shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

7.3 Claims Procedure : Any Participant or beneficiary may file a claim, if he/she believes that he/she has not received his/her full benefits from this Plan. If an assertion of any right to a benefit by or on behalf of a Participant or beneficiary (a "claimant") is wholly or partially denied, the Plan Administrator, or a party designated by the Plan Administrator, will provide such claimant within the 90-day period following the receipt of the claim by the Plan Administrator, a comprehensible written notice setting forth:

(a) The specific reason or reasons for such denial;

(b) Specific reference to pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to submit to perfect the claim and an explanation of why such material or information is necessary; and

(d) A description of the Plan's claim review procedure (including the time limits applicable to such process and a statement of the claimant's right to bring a civil action under ERISA following a further denial on review).

If the Plan Administrator determines that special circumstances require an extension of time for processing the claim it may extend the response period from 90 to 180 days. If this occurs, the Plan Administrator will notify the claimant before the end of the initial 90-day period, indicating the special circumstances requiring the extension and the date by which the Plan Committee expects to make the final decision. The claim review procedure is available upon written request by the claimant to the Plan Administrator, or the designated party, within 60 days after receipt by the claimant of written notice of the denial of the claim. Upon review, the Plan Administrator shall provide the claimant a full and fair review of the claim, including the opportunity to submit to the Plan Administrator comments, document, records and other information relevant to the claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision on review will be made within 60 days after receipt of the request for review, unless circumstances warrant an extension of time not to exceed an additional 60 days. If this occurs, notice of the extension will be furnished to the claimant before the end of the initial 60-day period, indicating the special circumstances requiring the extension

and the date by which the Plan Administrator expects to make the final decision. The final decision shall be in writing and drafted in a manner calculated to be understood by the claimant; include specific reasons for the decision with references to the specific Plan provisions on which the decision is based; and provide that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim for benefits. Any notice or other notification that is required to be sent to a claimant under this section may be sent pursuant to any method approved under Department of Labor Regulation Section 2520.104b-1 or other applicable guidance.

7.4 Plan Administrator Discretion : The Plan Administrator has the exclusive and discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits, to determine the amount and manner of payment of such benefits and to make any determinations that are contemplated by (or permissible under) the terms of this Plan, and its decisions on such matters shall be final and conclusive on all parties. Any such decision or determination shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (1) such discretion is not expressly granted by the Plan provisions in question, or (2) a determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or call for a determination. As a result, benefits

under this Plan will be paid only if the Plan Administrator decides in its discretion that the applicant is entitled to them. In the event of a review by a court, arbitrator or any other tribunal, any exercise of the Plan Administrator's discretionary authority shall not be disturbed unless it is clearly shown to be arbitrary and capricious.

ARTICLE VIII

Miscellaneous

8.1 Nonguarantee of Employment : Nothing contained in this Plan shall be construed as a contract of employment between an Employer and any Employee, or as a right of any Employee to be continued in the employment of an Employer, or as a limitation of the right of an Employer to discharge any of its Employees, with or without cause.

8.2 Nonalienation of Benefits : Benefits payable under the Plan or the right to receive future benefits under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, including any assignment or alienation in connection with a divorce, separation, child support or similar arrangement, shall be null and void and not binding on the Company. The Company shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

8.3 Unfunded Plan : The Company's obligations under the Plan shall not be funded, but shall constitute liabilities by the Company payable when due out of the Company's general funds. To the extent the Participant or any other person acquires a right to receive benefits under this Plan, such right shall be no greater than the rights of any unsecured general creditor of the Company.

8.4 Action by the Company : Any action by the Company under this Plan may be made by the Board of Directors of the Company or by the Compensation Committee of the Board of Directors, with a report of any actions taken by it to the Board of Directors. In addition, such action may be made by any other person or persons duly authorized by resolution of said Board to take such action.

8.5 Indemnification : Unless the Board of Directors of the Company shall determine otherwise, the Company shall indemnify, to the full extent permitted by law, any employee acting in good faith within the scope of his employment in carrying out the administration of the Plan.

8.6 Compliance with Section 409A :

(a) General : It is the intention of the Company that the Plan shall be construed in accordance with the applicable requirements of Section 409A. Further, in the event that the Plan shall be deemed not to comply with Section 409A, then neither the Company, the Board of Directors, the Plan Administrator nor its or their designees or agents shall be liable to any Participant or other person for actions, decisions or determinations made in good faith.

(b) Non-duplication of benefits : In the interest of clarity, and to determine benefits in compliance with the requirements of Section 409A, provisions have been included in this 409A Document describing the calculation of benefits under certain specific circumstances, for example, provisions relating to the inclusion of salary continuation during certain window severance programs in the calculation of Highest Average Monthly Earnings, as specified in Appendix C. Notwithstanding this or any similar provision, no duplication of benefits may at any time occur under the Plan. Therefore, to the extent that a specific provision of the Plan provides for recognizing a benefit determining element (such as pensionable earnings or service) and this same element is or could be recognized in some other way under the Plan, the specific provision of the Plan shall govern and there shall be absolutely no duplicate recognition of such element under any other provision of the Plan, or pursuant to the Plan's integration with the Salaried Plan. This provision shall govern over any contrary provision of the Plan that might be interpreted to support duplication of benefits.

ARTICLE IX

Amendment and Termination

This Article governs the Company's right to amend and or terminate the Plan. The Company's amendment and termination powers under this Article shall be subject, in all cases, to the restrictions on amendment and termination in Section 409A and shall be exercised in accordance with such restrictions to ensure continued compliance with Section 409A.

9.1 Continuation of the Plan : While the Company and the Employers intend to continue the Plan indefinitely, they assume no contractual obligation as to its continuance. In accordance with Section 8.4, the Company hereby reserves the right, in its sole discretion, to amend, terminate, or partially terminate the Plan at any time provided, however, that no such amendment or termination shall adversely affect the amount of benefit to which a Participant or his beneficiary is already entitled under Article IV on the date of such amendment or termination, unless the Participant becomes entitled to an amount of equivalent value to such benefit under another plan or practice adopted by the Company (using such actuarial assumptions as the Company may apply in its discretion, and except as necessary to comply with Section 409A). Specific forms of payment are not protected under the preceding sentence.

9.2 Amendments : The Company may, in its sole discretion, make any amendment or amendments to this Plan from time to time, with or without retroactive effect, including any amendment necessary to ensure continued compliance with Section 409A. An Employer (other than the Company) shall not have the right to amend the Plan.

9.3 Termination : The Company may terminate the Plan, either as to its participation or as to the participation of one or more Employers. If the Plan is terminated with respect to fewer than all of the Employers, the Plan shall continue in effect for the benefit of the Employees of the remaining Employers. Upon termination, the distribution of Participants' 409A Pensions shall be subject to restrictions applicable under Section 409A.

9.4 Change in Control : The Company intends to have the maximum discretionary authority to terminate the Plan and make distributions in connection with a Change in Control (defined as provided in Section 409A), and the maximum flexibility with respect to how and to what extent to carry this out following a Change in Control as is permissible under Section 409A. The previous sentence contains the exclusive terms under which a distribution shall be made in connection with any Change in Control in the case of benefits that are derived from this 409A Program.

ARTICLE X

ERISA Plan Structure

This Plan document in conjunction with the plan document(s) for the Pre-409A Program encompasses three separate plans within the meaning of ERISA, a are set forth in subsections (a), (b) and (c).

(a) Excess Benefit Plan : An excess benefit plan within the meaning of section 3(36) of ERISA, maintained solely for the purpose of providing benefits for Salaried Plan participants in excess of the limitations on benefits imposed by section 415 of the Code.

(b) Excess Compensation High Hat Plan : A plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. This plan provides benefits for Salaried Plan participants in excess of the limitations imposed by section 401(a)(17) of the Code on benefits under the Salaried Plan (after taking into account any benefits under the Excess Benefit Plan). For ERISA reporting purposes, this portion of PEP may be referred to as the Yum! Brands Pension Equalization Plan I.

(c) Preservation Top Hat Plan : A plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. This plan preserves benefits for those Salaried Plan participants described in section 5.2(a) hereof, by preserving for them the pre-1989 level of benefit accrual that was in effect before January 1, 1989 (after taking into account any benefits under the Excess Benefit Plan and Excess Compensation Top Hat Plan). For ERISA reporting purposes, this portion of PEP shall be referred to as the Tricon Pension Equalization Plan II.

Benefits under this Plan shall be allocated first to the Excess Benefit Plan, to the extent of benefits paid for the purpose indicated in (a) above; then any remaining benefits shall be allocated to the Excess Compensation Top Hat Plan, to the extent of benefits paid for the purpose indicated in (b) above; then any remaining benefits shall be allocated to the Preservation Top Hat plan. These three plans are severable for any and all purposes as directed by the Company.

ARTICLE XI

Applicable Law

All questions pertaining to the construction, validity and effect of the Plan shall be determined in accordance with the provisions of ERISA. In the event ERISA is not applicable or does not preempt state law, the laws of the state of North Carolina shall govern.

If any provision of this Plan is, or is hereafter declared to be, void, voidable, invalid or otherwise unlawful, the remainder of the Plan shall not be affected thereby.

ARTICLE XII

Signature

The above Plan is hereby adopted and approved, this _____ day of December, 2008 to be effective as stated herein.

YUM! BRANDS, INC.

By: _____
Anne Byerlein
Chief People Officer

APPENDIX

Foreword

The following Appendix articles modify particular terms of the Plan. Except as specifically modified in the Appendix, the foregoing main provisions of the Plan shall fully apply in determining the rights and benefits of Participants and beneficiaries (and of any other individual claiming a benefit through or under the foregoing). In the event of a conflict between the Appendix and the foregoing main provisions of the Plan, the Appendix shall govern.

APPENDIX ARTICLE A

Transition Provisions

A.1 Scope .

This Article A provides the transition rules for the Plan that were effective at some time during the period beginning January 1, 2005 and ending December 31, 2008 (the "Transition Period"). The time period during which each provision in this Article A was effective is set forth below

A.2 Definition of Actuarial Equivalent .

In addition to the provisions provided in Article II for determining actuarial equivalence under the Plan, during and for the remaining duration of the Transition Period, to determine the amount of a Pension payable in the form of a Qualified Joint and Survivor Annuity or optional form of survivor annuity, as an annuity with inflation protection, or as a Single Life Annuity, the Plan Administrator used the actuarial factors under the Salaried Plan. .

A.3 Transition Rules for Article VI (Distributions) :

(a) Distribution of Pensions : 409A Pensions that would have been paid out during the Transition Period under the provisions set forth in the main body of the Plan (but for the application of permissible transition rules under Section 409A) shall be paid out on March 1, 2009.

(b) Linked Plan Distributions : 409A Pensions paid during the Transition Period commenced at the same time as, and were paid in the same form as, the time and form elected by the Participant with respect to his benefit under the Salaried Plan, as permitted under the applicable transition guidance for Section 409A. To the extent that payment occurred as described in this subsection A.3(b), the six-month delay for payment on Separation from Service to a Key Employee (as described in Section 6.6 of the Plan document) was not applied, as permitted under the applicable transition guidance for Section 409A.

A.4 Conformance with Section 409A :

At all times from and after January 1, 2005, this Plan shall be operated (i) in accordance with the requirement of Section 409A, and (ii) to preserve the status of deferrals that were earned and vested before January 1, 2005 as being exempt from Section 409A, *i.e.* , to preserve the grandfathered status of such pre-409A deferrals. Any action that may be taken (and, to the extent possible, any action actually taken) by the Company, the Plan Administrator or both shall not be taken (or shall be void and without effect), if such action violates the requirements of Section 409A or if such action would adversely affect the grandfather of the pre-409A deferrals. If the failure to take an action under the Plan would violate Section 409A, then to the extent it is possible thereby to avoid a violation of Section 409A, the rights and effects under the Plan shall be altered to avoid such violation. A corresponding rule shall apply with respect to a failure to take an action that would adversely affect the grandfather of the pre-409A deferrals. Any provision in this Plan document that is determined to violate the requirements of Section 409A or to adversely affect the grandfather of the pre-409A deferral shall be void and without effect. In addition, any provision that is required to appear in this Plan document to satisfy the requirements of section 409A, but that is not expressly set forth, shall be deemed to be set forth herein, and the Plan shall be administered in all respects as if such provision were expressly set forth. A corresponding rule shall apply with respect to a provision that is required to preserve the grandfather of the pre-409A deferrals. In all cases, the provisions of this Section A.4 shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section. Notwithstanding the foregoing, this Section A.4 shall not apply after December 31, 2008.

A.5 Emil Brolick—19(c) :

Under Q&A-19(c) of IRS Notice 2005-1, the Company permitted Emil Brolick to irrevocably elect to revise the form of any benefit that he may receive under the Plan from an annuity to a lump sum payment. In addition, the Company permitted Mr. Brolick to irrevocably elect to revise the time of payment of any benefit that he may receive under the Plan. Such election to revise the time or form of payment (or both) must be filed with the Plan Administrator on or before December 30, 2008. If so filed, and if otherwise valid (in the sole discretion of the Plan Administrator), the PEP benefit for Mr. Brolick will be paid as specified in such election form. Otherwise, Mr. Brolick's PEP benefit will be paid as provided in the Plan.

A.6 Certain 19(c) Elections :

(a) Company Severance Program Elections : In connection with various severance programs, and pursuant to Q&A-19(c) of IRS Notice 2005-1, the Company unilaterally designated the distribution of certain PEP kicker benefits during the transition period under Section 409A. The time of payment of these amounts was included in documents provided to the participants in these severance programs in advance of the commencement of their severance period.

(b) 2008 Elections : In connection with various severance programs, and pursuant to Q&A-19(c) of IRS Notice 2005-1, the Company permitted certain participants to irrevocably elect to revise the form of (i) any qualified plan enhancement benefit and (ii) any PEP benefit that they may receive under the Plan from a default lump sum payment to an annuity. In addition, the Company permitted these participants to irrevocably elect to revise the time of payment of any lump sum distribution for (i) any qualified plan enhancement benefit, or (ii) any PEP benefit that they may receive under the Plan. Such election to revise the time or form of payment must be filed with the Plan Administrator on or before December 10, 2008. If so filed, and if otherwise valid (in the sole discretion of the Plan Administrator), the qualified plan enhancement benefit will be paid as specified in such election form. Otherwise, payment of any qualified plan enhancement benefit will be made in a lump sum on the first day of the month following the participant's separation from service, subject to any required delay for Key Employees under section 6.6 of the Plan, and payment of any PEP benefit shall be made in a lump sum on July 1, 2009.

APPENDIX ARTICLE B

Computation of Earnings and Service During Certain Severance Windows

B.1 Definitions :

Where the following words and phrases, in boldface and underlined, appear in this Appendix B with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context. Any terms used in this Article B of the Appendix with initial capitals and not defined herein shall have the same meaning as in the main Plan, unless a different meaning is plainly required by the context.

(a) " **Severance Program** " shall mean a program providing certain severance benefits that are paid while the program's participants are on a severance leave of absence that is determined by the Plan Administrator to qualify for recognition as Service under Section B.3 and Credited Service under Section B.4 of Article B.

(b) " **Eligible Bonus** " shall mean an annual incentive payment that is payable to the Participant under the Severance Program and that is identified under the terms of the Severance Program as eligible for inclusion in determining the Participant's Highest Average Monthly Earnings.

B.2 Inclusion of Salary and Eligible Bonus :

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit pursuant to a Severance Program, all salary continuation and any Eligible Bonus earned or to be earned during the first 12 months of a leave of absence period provided to the Participant under such Severance Program will be counted toward the Participant's Highest Average Monthly Earnings, even if such salary or other earnings are to be received after a Participant's Separation from Service. In particular, if payment of a Participant's 409A Pension is to be made at Separation from Service and prior to the Participant's receipt of all of the salary continuation or Eligible Bonus that is payable to the Participant from the Severance Program, the Participant's Highest Average Monthly Earnings shall be determined by taking into account the full salary continuation and eligible bonus that is projected to be payable to the Participant during the first 12 months of a period of leave of absence that is granted to the Participant under the Severance Program.

B.3 Inclusion of Credited Service :

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit under a Severance Program, all Credited Service earned or to be earned during the first 12 months of the period of severance will be counted toward the Participant's Credited Service for purposes of determining the Participant's Pension and a Pre-Retirement Spouse's Pension, even if the period of time counted as Credited Service under the Severance Program occurs after a Participant's Separation from Service.

B.4 Inclusion of Service :

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit under a Severance Program, all Service earned or to be earned during the first 12 months of the period of severance will be counted toward the Participant's Service for purposes of determining the Participant's Pension and a Pre-Retirement Spouse's Pension, even if the period of time counted as Service under the Severance Program occurs after a Participant's Separation from Service.

B.5 Reduction to Reflect Early Payment :

If the Participant receives either (1) additional Credited Service or (2) additional earnings that are included in Highest Average Monthly Earnings under Sections B.2 or B.3 of this Article B, as a result of a severance benefit provided under a Severance Program and such additional Credited Service or earnings are included in the calculation of the Participant's Pension prior to the time that the Credited Service is actually performed by the Participant or the earnings are actually paid to the Participant, the Pension paid to the Participant shall be adjusted actuarially to reflect the receipt of the portion of the Pension attributable to such Credited Service or earnings received on account of the Severance Program prior to the time such Credited Service is performed or such earnings are actually paid to the Participant. For purposes of determining the adjustment to be made, the Plan shall use the rate provided under the Salaried Plan for early payment of benefits.

APPENDIX ARTICLE P

Retirement Window Benefit

P.1 Scope : This Article P supplements the main portion of the Plan document with respect to the rights and benefits of Covered Employees. This Article P is effective with respect to a particular Covered Employee as of the beginning of the Window Start Date specified for such Covered Employee in Section P.2(i) of Part B of the Salaried Plan (definition of "Severance Program"). This Article P is effective January 31, 2008.

P.2 Definitions : This Section provides definitions for the following underlined words or phrases. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in the main portion of the Plan document.

(a) Article : This Article P of the Appendix to the Plan.

(b) Covered Employee : A Participant who meets the definition of "Covered Employee" under Section P.2(b) of Part B of the Salaried Plan.

(c) HCE : A Covered Employee who is a highly compensated employee within the meaning of Code section 414(q) on his Separation Date.

(d) PEP Bridge Benefit : The special PEP benefit that may be provided to a Covered Employee pursuant to Section P.3.

(e) PEP Window Benefit : The special Early Retirement Pension that may be provided to a Covered Employee pursuant to Section P.4.

(e) Separation Date : The date determined under Section P.2(f) of Part B of the Salaried Plan.

(f) Separation from Service : A separation from service within the meaning of Code section 409A(a)(2)(A)(i).

(g) Specified Employee : An employee described as a specified employee in Code section 409A(a)(2)(B)(i).

P.3 PEP Bridge Benefit : A Participant who meets the eligibility requirements of subsection (a) below may be eligible for a PEP Bridge Benefit from this Plan in lieu of any other benefit under this Plan, calculated under subsection (b) below and payable as provided under subsection (c) below.

(a) Eligibility : To be eligible for a PEP Bridge Benefit under this Section P.3, a Participant must:

(1) Be a Covered Employee on his Separation Date;

(2) Be not more than 12 months from Retirement Eligibility and have less than 10 Years of Service on his Separation Date;

(3) Be granted a special Authorized Leave of Absence for purposes of attaining Retirement Eligibility under Part B of the Salaried Plan; and

(4) Be entitled to a benefit under the Plan without regard to this Article P.

A Participant's period of time from attaining Retirement Eligibility shall be equal to the additional period of continuous employment by an Employer in an eligible classification that would be required, from and after the Participant's Separation Date, for the Participant to first reach Retirement Eligibility.

(b) Calculation of PEP Bridge Benefit : A Covered Employee's PEP Bridge Benefit under this subsection (b), expressed as a Single Life Annuity payable at the Covered Employee's commencement date, shall be equal to: (i) the benefit amount calculated under paragraph (1) below, plus (ii) the benefit amount calculated under paragraph (2) below.

(1) Deferred Vested Pension . The benefit amount under this paragraph shall be the Vested Pension to which the Covered Employee is entitled under Section 5.1 of the Plan, without regard to this Article or the additional Service and Compensation credited to the Covered Employee under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence. Such Vested Pension shall be expressed initially as a Single Life Annuity commencing at the Covered Employee's Normal Retirement Date, and then this annuity shall be reduced to an Actuarial Equivalent Single Life Annuity for commencement prior to the Covered Employee's Normal Retirement Date.

(2) Additional PEP Bridge Benefit . The amount calculated under this paragraph shall equal (i) the amount calculated under paragraph (3) below, minus (ii) the amount calculated under paragraph (1) above.

(3) PEP Retirement Benefit . The benefit amount under this paragraph shall be the PEP benefit that would be payable to the Covered Employee if his benefit was calculated as an Early or Normal Retirement Pension (whichever the Covered Employee becomes eligible for under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence) in accordance with the usual provisions of the Plan for an Early or Normal Retirement Pension (as applicable), taking into account the additional Service and Compensation credited to the Covered Employee under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence. This monthly benefit shall be expressed initially as a Single Life Annuity commencing at the Covered Employee's Normal Retirement Date, and shall be reduced for commencement prior to age 62 in accordance with the terms of the main portion of the Plan.

(c) Commencement and Payment of PEP Bridge Benefit : A PEP Bridge Benefit payable to a Covered Employee under this Section P.3 shall be payable as follows:

(1) Additional PEP Bridge Benefit : The additional PEP Bridge Benefit payable to a Covered Employee solely as a result of this Article, which is subject to Code section 409A because it is earned and vested after December 31, 2004, shall be paid in accordance with the Plan's rules for Retirement Pensions that are subject to Code section 409A, *i.e.* , as a single lump sum on the first of the month coincident or next following the date the Covered Employee would have attained Retirement Eligibility (within the meaning of Section P.2(e) of Part B of the Salaried Plan) without regard to this Article if the Covered Employee had remained continuously employed in an eligible classification. However, if the Covered Employee has made an election for a different time and/or form of payment for the portion of his benefit that is subject to Code section 409A, then the portion of the Covered Employee's PEP Bridge Benefit described in this paragraph shall be paid in accordance with such election.

(2) Other PEP Benefit : The portion of the Covered Employee's PEP Bridge Benefit that would be payable to the Covered Employee without regard to this Article (and that is composed of a Pre-409A Retirement Pension and 409A Vested Pension) shall be paid as follows:

(A) Pre-409A Retirement Pension : The portion of the Covered Employee's benefit that is not subject to Code section 409A because it was accrued and vested prior to January 1, 2005, shall be paid as a Retirement Pension in accordance with Section 6.1 of the main portion of the Plan document for pre-409A benefits.

(B) 409A Vested Pension : The portion of the Covered Employee's benefit that is subject to Code section 409A because it was earned or vested after December 31, 2004, shall be paid as a Vested Pension, *i.e.* , as a Single Life Annuity if the participant is unmarried at commencement or a 50% Joint and Survivor Annuity if the participant is married at commencement, unless the married participant elects either a 75% Joint and Survivor Annuity or a Single Life Annuity (all annuities under this paragraph shall be calculated without regard to the Plan's former simplified factors), and shall commence on the first of the month coincident or next following the later of: (i) the Covered Employee's Separation from Service, or (ii) the date the Covered Employee attains age 55. Any election by a married Covered Employee under the preceding sentence to receive a 75% Joint and Survivor Annuity or Single Life Annuity shall be made on or before the day preceding the Covered employee's commencement date as determined under the preceding sentence (or if applicable, under paragraph (3) below). Notwithstanding the foregoing, if a Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then this portion of the Covered Employee's PEP Bridge Benefit shall be paid as a single lump sum on April 1, 2009.

(3) Payment Delay for Specified Employees : Notwithstanding paragraphs (1) and (2) above or any other provision of this Article P or the Plan to the contrary, in the case of a Covered Employee who is a Specified Employee, any portion of the Covered Employee's PEP Bridge Benefit that is subject to Code section 409A and that is paid upon the Covered Employee's Separation from Service shall not be paid prior to the first day of the seventh month that begins after the Covered Employee's Separation from Service.

P.4 PEP Window Benefit : Any Covered Employee who meets the eligibility requirements of subsection (a) below may be eligible for a PEP Window Benefit from this Plan, in lieu of any other benefit under this Plan. Such PEP Window Benefit (if any) shall be calculated as provided in subsection (b) below and shall be paid as provided in subsection (c) below.

(a) Eligibility : To be eligible for a PEP Window Benefit under this Section P.4, a Participant must:

(1) Be a Covered Employee on his Separation Date,

(2) Be an HCE on his Separation Date, and

(3) Satisfy the eligibility requirement set forth in Section P.3(a)(2) of Part B of the Salaried Plan.

(b) Calculation of PEP Window Benefit : The PEP Window Benefit of a Covered Employee who satisfies the eligibility provisions of subsection (a) above shall be calculated under Section 5.1 of the main portion of the Plan by taking into account, for purposes of determining the Covered Employee's Total Pension under Section 5.1(c)(1), the provisions of Section P.3 of Part B of the Salaried Plan, but without regard to the fact that such section ordinarily does not apply to a Covered Employee who is an HCE. For purposes of the calculation under Section 5.1, it shall be assumed that the Covered Employee's PEP Window Benefit is all paid at the time the Qualified Kicker described in subsection (c) below is paid.

(c) Commencement and Payment of PEP Window Benefit : A PEP Window Benefit payable to a Covered Employee under this Section P.4 shall be payable as follows:

(1) Qualified Kicker Only : In the case of a Covered Employee who is only eligible for a benefit under the Plan as a consequence of this Article being included in the Plan, such a Covered Employee's PEP Window Benefit shall be considered a "Qualified Kicker" and shall be paid as follows:

(A) General Rule . Except as provided in subparagraph (B) below, a Covered Employee's Qualified Kicker shall be paid as a single lump sum as of the first of the month next following the date that is 10 weeks after the date of the Covered Employee's Separation from Service.

(B) Special Rule for Taco Bell Severance Program for the Q4 2007 Restructuring . The Qualified Kicker of a Covered Employee whose Separation Date occurs as a direct result of the Taco Bell Severance Program for the Q4 2007 Restructuring shall be paid as a single lump sum on the first of the month next following the date that is 12 weeks after the date of the Covered Employee's Separation from Service.

(2) Other PEP Benefit : In the case of a Covered Employee who would be eligible for a benefit under the Plan without regard to this Article, such a Covered Employee's PEP Window Benefit shall be payable as provided in this subsection.

(A) Qualified Kicker : The portion of such a Covered Employee's PEP Window Benefit, which replaces the additional benefit that would have been paid under the Salaried Plan if Section P.3 of Part B of the Salaried Plan applied to a Covered Employee who is an HCE, shall be his Qualified Kicker and shall be paid as provided in paragraph (1) above.

(B) Pre-409A Vested Pension : The portion of such a Covered Employee's PEP Window Benefit, which is not subject to Code section 409A because it accrued and vested prior to January 1, 2005, and which would be payable to such Covered Employee without regard to this Article, shall be paid as a Vested Pension, *i.e.* , as an annuity at the same time and in the same form as the Covered Employee's annuity benefit under the Salaried Plan. Notwithstanding the preceding sentence, if a Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then this portion of the Covered Employee's PEP Window Benefit shall be paid as a single lump sum on April 1, 2009 (in which case this portion of the Covered Employee's PEP Window Benefit shall become subject to Code section 409A).

(C) 409A Vested Pension : The portion of such a Covered Employee's PEP Window Benefit, which is subject to Code section 409A and which would be payable to such Covered Employee without regard to this Article, shall be paid as a Vested Pension, *i.e.* , as an annuity at the same time and in the same form as the Covered Employee's annuity benefit under the Salaried Plan. However, if the Covered Employee's Salaried Plan annuity has not commenced by December 31, 2008, then the benefit described in this paragraph shall be paid as a Single Life Annuity if the Covered Employee is unmarried at commencement and as a 50% Joint and Survivor Annuity if the Covered Employee is married at commencement, unless the married Covered Employee elects to receive either a 75% Joint and Survivor Annuity or a Single Life Annuity (all annuities under this paragraph shall be calculated without regard to the Plan's former simplified factors), and shall commence on the first of the month coincident with or next following the latest of: (i) January 1, 2009, (ii) the Covered Employee's Separation from Service, or (iii) the date the Covered Employee attains age 55. Any election by a married Covered Employee under the preceding sentence to receive a 75% Joint and Survivor Annuity or Single Life Annuity shall be made on or before the day preceding the Covered employee's commencement date as determined under the preceding sentence (or if applicable, under paragraph (3) below). Notwithstanding the foregoing, if such Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then such Covered Employee's benefit that is described in this paragraph shall be paid as a single lump sum on April 1, 2009.

(D) PEP Kicker : The remaining portion of such a Covered Employee's PEP Window Benefit shall be his "PEP Kicker" and shall be paid in accordance with the Plan's rules for Retirement Pensions that are subject to Code section 409A, *i.e.* , as a single lump sum as of the first of the month next following when the Covered Employee would have attained Retirement Eligibility (within the meaning of Section P.2(e) of Part B of the Salaried Plan) if the Covered Employee had remained continuously employed by the Employer in an eligible classification. However, if the Covered Employee has made an election for a different form and/or time of payment for the portion of his benefit that is subject to Code section 409A, then the Covered Employee's PEP Kicker shall be paid in accordance with such election. Notwithstanding the foregoing, if such Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then such Covered Employee's PEP Kicker shall be paid as a single lump sum on April 1, 2009.

(3) Payment Delay for Specified Employees : Notwithstanding paragraphs (1) and (2) above or any other provision of this Article P or the Plan to the contrary, in the case of a Covered Employee who is a Specified Employee, any portion of the Covered Employee's PEP Window Benefit that is subject to Code section 409A and that is paid upon the Covered Employee's Separation from Service, shall not be paid prior to the first day of the seventh month that begins after the Covered Employee's Separation from Service.

(d) Calculation of PEP Window Benefit Components : The components of a Covered Employee's PEP Window Benefit described in Section P.4(c)(1) or (2) above (as applicable) shall be calculated (using the actuarial assumptions under Section 2.1(b)(2) of Part B of the Salaried Plan) as follows:

(1) PEP Benefit Without Regard to this Article : This portion of a Covered Employee's PEP Window Benefit shall be calculated by determining the Covered Employee's total PEP benefit under Section 5.1 of the Plan, disregarding the provisions of this Article and then dividing this total benefit into the Pre-409A Vested Benefit and 409A Vested Benefit portions using the Plan's usual rules for computing the grandfathered and 409A portions of a Participant's benefit.

(2) Qualified Kicker : A Covered Employee's Qualified Kicker shall be calculated under the terms of Section P.3(b)(2) of Part B of the Salaried Plan, but without regard to the fact that this section ordinarily does not apply to a Covered Employee who is an HCE. Notwithstanding the preceding sentence, the Qualified Kicker of a Covered Employee whose Separation Date occurs as a direct result of the Taco Bell Severance Program for the Q4 2007 Restructuring shall be reduced by the value of any weeks of severance pay in excess of 12 weeks that are payable to such Covered Employee in connection with the Restructuring.

(3) PEP Kicker : A Covered Employee's PEP Kicker (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date) shall equal: (i) the total PEP Window Benefit as calculated under subsection (b) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date); minus (ii) the total PEP benefit without regard to this Article (*i.e.* , the sum of his Pre-409A Vested Pension and 409A Vested Pension) as calculated under paragraph (1) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date); and minus (iii) the Qualified Kicker, but for purposes of this paragraph (3), calculated without regard to the second sentence of paragraph (2) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date). The resulting PEP Kicker shall be converted to the Covered Employee's applicable form of payment for the PEP Kicker using the Plan's usual factors for converting forms of payment.

APPENDIX ARTICLE Q

Australian Participants

Q.1 Scope : This Article provides special rules for calculating the benefit of an Australian Participant, and these rules are the exclusive basis for an Australian Employee to become entitled to a benefit from the Plan. The benefit of an Australian Participant shall be determined under Section Q.3 below, subject to Section Q.4 below. Once a benefit is determined for an Australian Participant under this Article, such benefit shall be subject to the Plan's normal conditions and shall be paid in accordance with the Plan's normal terms. This Article is effective January 1, 2005 and applies to all accruals that are subject to Code section 409A, including those accrued prior to January 1, 2005.

Q.2 Definitions : This Section provides definitions for the following underlined words or phrases. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in the main portion of the Plan document.

(a) Article : This Article Q of the Appendix to the Plan.

(b) Australian Employee : An individual (i) who became employed in the United States by an United States Employer in an executive position prior to January 1, 2008, (ii) who was previously employed by the Company or an affiliate of the Company in Australia, and (iii) on whose behalf the United States Employer (directly or indirectly) makes Superannuation Contributions during any part of the period that he is employed as described in clause (i) above.

(c) Australian Participant : An Australian Employee shall not become a Participant under this Plan until the earlier of (i) the day after he stops receiving Superannuation Contributions that are taken into account under subsection (d) below, or (ii) his last day of employment that is described in subsection (b)(i) above. From and after such day, an Australian Employee shall be a Participant:

(1) When he would be currently entitled to receive a Pension under the Plan if his employment terminated at such time, or

(2) When he would be so entitled but for the vesting requirement of Section 4.7.

Notwithstanding the foregoing provisions of this subsection, an Australian Employee shall not become a Participant under this Plan if he enters into a qualifying written agreement with the Company to forgo a Pension under this Plan and the Salaried Plan for his period of employment described in subsection (b)(i) above. A written agreement that is otherwise described in the preceding sentence shall not be a qualifying written agreement for the period before the earliest date such agreement may apply without violating the restrictions on elections under Code section 409A.

(d) Superannuation Contributions : Contributions to the Australian federal government's compulsory retirement savings system into which an employer is required to contribute on behalf of a qualifying employee, over the course of each year, an amount that is at least equal to a specified minimum percentage of the employee's annual compensation, and that permits certain additional contributions (but disregarding such required or additional contributions that are made after an individual is no longer considered an Australian Employee as a result of ceasing current employment in the United States).

Q.3 Benefit Formula for Australian Employees : Except as provided in this Section Q.3, an Australian Participant's benefit shall be determined using a calculation methodology that is substantially similar to that applicable under Section 5.1 of the Plan. Notwithstanding the preceding sentence, the Australian Participant's "Total Pension" (as defined in Section 5.1(c)(1)) shall be calculated as if:

(a) The Australian Participant began receiving Credited Service under the Salaried Plan on his first day of employment as an executive in the United States with a United States Employer; and

(b) The Australian Participant ceased receiving Credited Service under the Salaried Plan at the end of his period of employment as an executive in the United States with a United States Employer;

Without regard, in each case, to the actual date on which the Australian Participant began and ceased receiving Credited Service under the Salaried Plan. Notwithstanding the first sentence of this Section Q.3, such Australian Participant's benefit shall be calculated by subtracting from his Total Pension (expressed as a lump sum amount as of his benefit commencement date under the Plan) the sum of: (i) the Australian Employee's actual benefit under the Salaried Plan (expressed as a lump sum amount as of such date), plus (ii) the total Superannuation Contributions made on behalf of the Australian Employee while employed in the United States by a United States Employer, adjusted for interest through such date at an annual rate of 7 percent, compounded annually.

Q.4 Alternative Arrangements Permitted : Notwithstanding any provision of this Article to the contrary, the Company and an Australian Employee may agree in writing to disregard the provisions of this Article in favor of another mutually agreed upon benefit arrangement under the Plan, in which case this Article shall not apply.

YUM! CHANGE IN CONTROL SEVERANCE AGREEMENT

409A Addendum

THIS AGREEMENT, dated December 31, 2008, (the "409A Agreement") is made by and between YUM! Brands Inc., a North Carolina corporation (the Company"), and _____ (the "Executive").

WHEREAS, the Company and the Executive have previously entered into a change in control severance agreement (the “Severance Agreement”); and

WHEREAS, the Company and the Executive wish to ensure that the Severance Agreement complies to the extent necessary with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and thereby to avoid adverse tax consequences to the Executive (including avoiding an additional tax of 20% on compensation payable under the Severance Agreement); and

WHEREAS, ensuring Code Section 409A compliance requires the addition of certain provisions to the Severance Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. The provisions of this 409A Agreement supplement the provisions of the Severance Agreement. At all times, this 409A Agreement and the Severance Agreement shall be construed together so as to permit full compliance with Code Section 409A of any compensation subject to Code Section 409A that is provided by the Severance Agreement.

2. With respect to salary, compensation and benefits provided by the Severance Agreement in the event the Executive fails to perform the Executive's full-time duties with the Company as a result of incapacity due to physical or mental illness, to the extent these items constitute deferred compensation that is subject to Section 409A, the payment of such salary, compensation and benefits shall occur upon Executive’s "disability" or "separation from service", in each case as defined in Section 409A, whichever occurs earlier (but subject to Section 16(A)). In this case, the rate of payment shall be based on the normal rules for the salary, compensation or benefit in question, with a lump sum catch up for any amounts that would have been paid previously under such rules.

3. With respect to the Company’s payment of the Executive's full salary to the Executive through the Date of Termination (as defined in the Severance Agreement) in the event the Executive's employment shall be terminated for any reason following a Change in Control (as defined in the Severance Agreement) and during the term of the Severance Agreement, to the extent any resulting salary, compensation and benefits constitute deferred compensation that is subject to Section 409A, the payment of such salary, compensation and benefits shall occur upon Executive’s "separation from service", as defined in Section 409A, but subject to Section 16(A). In this case, the rate of payment shall be based on the normal rules for the salary, compensation or benefit in question, with a lump sum catch up for any amounts that would have been paid previously under such rules.

4. In the event that Severance Payments (as defined in the Severance Agreement) shall be reduced pursuant to the terms of the Severance Agreement, then Severance Payments shall be reduced in the order that the Severance Payments are described in the Severance Agreement (but disregarding for this purpose any Severance Payments that would not be considered “parachute payments” under the provisions and procedures of the Severance Agreement) and to the extent necessary so that no portion of the Total Payments will be subject to the Excise Tax (as these capitalized terms are defined in the Severance Agreement).

5. To the extent the Company pays to the Executive, pursuant to the Severance Agreement, an estimate of the minimum amount of payments to which the Executive is entitled and the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall be repaid to the Company promptly thereafter (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). Each payment required to be made by the Company to the Executive hereunder that relates to the Excise Tax and each repayment required to be made by the Executive to the Company in accordance with the preceding sentence shall in no event be paid later than the end of the calendar year next following the calendar year in which the Executive (or the Company on the Executive’s behalf) remits the corresponding taxes to the Internal Revenue Service or other taxing authority.

6. To the extent the Company is to pay the Executive for legal fees and expenses incurred by the Executive (i) in disputing in good faith any issue under the Severance Agreement relating to the termination of the Executive's employment, or (ii) in seeking in good faith to obtain or enforce any benefit or right provided by the Severance Agreement, or (iii) in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder (the "Legal Expenses"), such Legal Expenses must be incurred during the period (A) beginning on the commencement date of the Severance Agreement and, (B) ending on the date that is five years after the Date of Termination of the Executive. The amount of Legal Expenses that are eligible for reimbursement during an Executive's taxable year may not affect the Legal Expenses eligible for reimbursement in any other taxable year. Such payments shall be made within ten (10) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require; provided, however, that in no event will the reimbursement of any Legal Expenses be made after the last day of the Executive's taxable year following the Executive's taxable year in which the Legal Expense in question was incurred. The right to reimbursement of Legal Expenses provided hereunder is not subject to liquidation or exchange for another benefit.

7. If a purported termination occurs following a Change in Control and during the term of the Severance Agreement and the Executive provides the Company with a Dispute Notification (as defined in the Severance Agreement), subject to providing all payments in compliance with Code Section 409A and avoiding all duplication of payment, the Company shall act within fifteen (15) days to restore fully the disputed benefits (so that all benefits are provided as of such date as would have been provided had there been no delay in providing such benefits) and to continue to provide such benefits as contemplated by this Agreement thereafter, but subject to termination and recapture from the Executive of these disputed benefits in accordance with the terms of a mutual written agreement of the parties, a binding arbitration award, or a final judgment, order or decree of a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected).

8. Notwithstanding any other provision of this 409A Agreement or the Severance Agreement, to the extent the Company determines in good faith that (i) one or more payments or benefits received or to be received by the Executive pursuant to the Severance Agreement (including but not limited to the Gross-Up Payment) would constitute deferred compensation subject to the rules of Code Section 409A, and (b) that the Executive is a "specified employee" under Code Section 409A, then only to the extent required to avoid the Executive's incurrence of any additional tax or interest under Section 409A, such payment or benefit will be delayed until the date that is six (6) months after the Executive's "separation from service" within the meaning of Section 409A. Any amounts that are postponed pursuant to this Section 8 will be paid in a lump sum payment within 10 days after the end of the six-month period. If the Executive dies during the six-month period, prior to the payment of the delayed amount, the amounts delayed on account of this Section 8 will be paid to the Executive's estate. In addition, to the extent the Company determines in good faith that one or more payments or benefits received or to be received by an Executive upon a termination of employment pursuant to the Agreement would constitute deferred compensation subject to the rules of Code Section 409A then in determining the time of payment of such deferred compensation a termination of employment shall be deemed to occur only if such termination of employment constitutes a "separation from service" as defined in Code Section 409A, as determined by the Company in accordance with such rules and policies adopted by it from time to time. Further, in this case, the Date of Termination shall be the date of such separation from service.

9. This 409A Agreement shall be delivered to the Executive in advance of December 31, 2008. To permit timely and sufficient documentary compliance with Code Section 409A, the provisions of this 409A Agreement shall automatically apply to amend the Severance Agreement unless the Executive expressly rejects the application of these provisions in writing. However, to provide an enhanced record of documentary compliance with Code Section 409A, the Company requests that the Executive sign and return a copy of this Agreement to the Company at his/her earliest convenience.

YUM! BRANDS, INC .

By:
Name: John P. Daly
Title: Corporate Counsel and Assistant Secretary

[name]

YUM! BRANDS, INC.
LONG TERM INCENTIVE PLAN
(As Amended Through the Fourth Amendment)

SECTION 1
GENERAL

1.1 *PURPOSE.* YUM! Brands, Inc. Long Term Incentive Plan (the "Plan") has been established by YUM! Brands, Inc. (the "Company" or "YUM!") to (i) attract and retain persons eligible to participate in the Plan; (ii) motivate Participants, by means of appropriate incentives, to achieve long-range goals; (iii) provide incentive compensation opportunities that are competitive with those of other similar companies; and (iv) align the interests of Participants with those of the Company's shareholders.

1.2 *PARTICIPATION.* Subject to the terms and conditions of the Plan, the Committee shall determine and designate, from time to time, from among the Eligible Individuals, those persons who will be granted one or more Awards under the Plan, and thereby become "Participants" in the Plan.

1.3 *OPERATION, ADMINISTRATION, AND DEFINITIONS.* The operation and administration of the Plan, including the Awards made under the Plan, shall be subject to the provisions of Section 4 (relating to operation and administration). Capitalized terms in the Plan shall be defined as set forth in the Plan (including the definition provisions of Section 8 of the Plan).

SECTION 2
OPTIONS AND SARS

2.1 *DEFINITIONS.*

(a) The grant of an "Option" entitles the Participant to purchase shares of Stock at an Exercise Price and during a specified time established by the Committee. Any Option granted under this Section 2 may be either a non-qualified option (an "NQO") or an incentive stock option (an "ISO"), as determined in the discretion of the Committee. An "NQO" is an Option that is not intended to be an "incentive stock option" as that term is described in section 422(b) of the Code. An "ISO" is an Option that is intended to satisfy the requirements applicable to an "incentive stock option" described in section 422(b) of the Code.

(b) A stock appreciation right (an "SAR") entitles the Participant to receive, in cash or Stock (as determined in accordance with subsection 2.5), value equal to (or otherwise based on) the excess of: (a) the Fair Market Value of a specified number of shares of Stock at the time of exercise; over (b) an Exercise Price established by the Committee.

2.2 *EXERCISE PRICE.* The "Exercise Price" of each Option and SAR granted under this Section 2 shall be established by the Committee or shall be determined by a method established by the Committee at the time the Option or SAR is granted; except that the Exercise Price shall not be less than the closing price of a share of Stock on the date of grant as reported on the composite tape for securities listed on the New York Stock Exchange (or if no sales of stock were made on said exchange on such date, on the next preceding day on which sales were made on such exchange).

2.3 *EXERCISE.* An Option and an SAR shall be exercisable in accordance with such terms and conditions and during such periods as may be established by the Committee.

2.4 *PAYMENT OF OPTION EXERCISE PRICE.* The payment of the Exercise Price of an Option granted under this Section 2 shall be subject to the following:

(a) Subject to the following provisions of this subsection 2.4, the full Exercise Price for shares of Stock purchased upon the exercise of any Option shall be paid at the time of such exercise (except that, in the case of an exercise arrangement approved by the Committee and described in paragraph 2.4(c), payment may be made as soon as practicable after the exercise).

(b) The Exercise Price shall be payable in cash or by tendering, by either actual delivery of shares or by attestation, shares of Stock acceptable to the Committee, and valued at Fair Market Value as of the day of exercise, or in any combination thereof, as determined by the Committee.

(c) The Committee may permit a Participant to elect to pay the Exercise Price upon the exercise of an Option by irrevocably authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise.

2.5 *SETTLEMENT OF AWARD.* Settlement of Options and SARs is subject to subsection 4.7.

2.6 *GRANTS OF OPTIONS AND SARS.* An Option may but need not be in tandem with an SAR, and an SAR may but need not be in tandem with an Option (in either case, regardless of whether the original award was granted under this Plan or another plan or arrangement). If an Option is in tandem with an SAR, the exercise price of both the Option and SAR shall be the same, and the exercise of the Option or SAR with respect to a share of Stock shall cancel the corresponding tandem SAR or Option right with respect to such share. If an SAR is in tandem with an Option but is granted after the grant of the Option, or if an Option is in tandem with an SAR but is granted after the grant of the SAR, the later granted tandem Award shall have the same exercise price as the earlier granted Award, but the exercise price for the later granted Award may be less than the Fair Market Value of the Stock at the time of such grant; provided, however, that an exercise price below the Fair Market Value at the time of such grant shall not be permitted in the case of a 409A Award if this would cause the award to be subject Code section 409A.

2.7 *NO REPRICING, CANCELLATION, OR RE-GRANT OF OPTIONS.* Except for adjustments pursuant to subsection 4.2(f) (relating to adjustment of shares), the Exercise Price for any outstanding Option granted under the Plan may not be decreased after the date of grant nor may an outstanding Option granted under the Plan be surrendered to the Company as consideration in exchange for the grant of a new Option with a lower exercise price.

SECTION 3
OTHER STOCK AWARDS

3.1 *DEFINITIONS.*

(a) A "Stock Unit" Award is the grant of a right to receive shares of Stock in the future.

(b) A "Performance Share" Award is a grant of a right to receive shares of Stock or Stock Units which is contingent on the achievement of performance or other objectives during a specified period.

(c) A "Performance Unit" Award is a grant of a right to receive a designated dollar value amount of Stock which is contingent on the achievement of performance or other objectives during a specified period.

(d) A "Restricted Stock" Award is a grant of shares of Stock, and a "Restricted Stock Unit" Award is the grant of a right to receive shares of Stock in the future, with such shares of Stock or right to future delivery of such shares of Stock subject to a risk of forfeiture or other restrictions that will lapse upon the achievement of one or more goals relating to completion of service by the Participant, or achievement of performance or other objectives, as determined by the Committee.

3.2 *RESTRICTIONS ON AWARDS.* Each Stock Unit Award, Restricted Stock Award, Restricted Stock Unit Award, Performance Share Award, and Performance Unit Award shall be subject to the following:

(a) Any such Award shall be subject to such conditions, restrictions and contingencies as the Committee shall determine.

(b) If the right to become vested in a Restricted Stock Award, Restricted Stock Unit Award, Performance Share Award or Performance Unit Award is conditioned on the completion of a specified period of service with the Company or the Subsidiaries, without achievement of Performance Measures or other performance objectives being required as a condition of vesting, and without it being granted in lieu of other compensation, then the required period of service for full vesting of the Award shall be not less than three years (provided that the required period for full vesting shall, instead, not be less than two years in the case of annual incentive deferrals payable in restricted shares) (subject to acceleration of vesting, to the extent permitted by the Committee, in the event of the Participant's death, disability, retirement, change in control or involuntary termination). Awards to Directors may vest immediately.

(c) The Committee may designate whether any such Award being granted to any Participant is intended to be "performance-based compensation" as that term is used in section 162(m) of the Code. Any such Awards designated as intended to be "performance-based compensation" shall be conditioned on the achievement of one or more Performance Measures, to the extent required by Code section 162(m). The Performance Measures that may be used by the Committee for such Awards shall be based on any one or more of the following Company, Subsidiary, operating unit or division performance measures, as selected by the Committee: cash flow; earnings; earnings per share; market value added or economic value added; profits; return on assets; return on equity; return on investment; revenues; stock price; total shareholder return; customer satisfaction metrics; or restaurant unit development. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or shares outstanding, investments or to assets or net assets. For Awards under this Section 3 intended to be "performance-based compensation," the grant of the Awards and the establishment of the Performance Measures shall be made during the period required under Code section 162(m).

(d) To the extent an Award is a 409A Award (as defined in Section 8) and is subject to a substantial risk of forfeiture within the meaning of Code section 409A (or will be granted upon the satisfaction of a condition that constitutes such a substantial risk of forfeiture), any compensation due under the Award (or pursuant to a commitment to grant an Award) shall be provided in full not later than the 60th day following the date there is no longer such a substantial risk of forfeiture with respect to the Award, unless the Committee shall clearly and expressly provide otherwise with respect to the Award in the Award agreement.

SECTION 4
OPERATION AND ADMINISTRATION

4.1 *EFFECTIVE DATE*. The Plan shall be effective as of May 20, 1999 (the "Effective Date"). The Plan shall be unlimited in duration and, in the event of Plan termination, shall remain in effect as long as any Awards under it are outstanding; provided, however, that no Awards may be granted under the Plan on or after the ten-year anniversary of May 15, 2008, the date on which the Plan was amended by the Third Amendment.

4.2 The shares of Stock for which Awards may be granted under the Plan shall be subject to the following:

(a) The shares of Stock with respect to which Awards may be made under the Plan shall be shares currently authorized but unissued or currently held or subsequently acquired by the Company as treasury shares (to the extent permitted by law), including shares purchased in the open market or in private transactions.

(b) Subject to the following provisions of this subsection 4.2, the maximum number of shares of Stock that may be delivered to Participants and their beneficiaries under the Plan shall be 70,600,000 (which number includes all shares delivered under the Plan since its establishment in 1999, determined in accordance with the terms of the Plan); and for purposes of applying the limitations of this paragraph (b), each share of Stock delivered pursuant to Section 3 (relating to Other Stock Awards) shall be counted as covering two shares of Stock, and shall reduce the number of shares of Stock available for delivery under this paragraph (b) by two shares except, however, in the case of restricted shares or restricted units delivered pursuant to the settlement of earned annual incentives, each share of Stock shall be counted as covering one share of Stock and shall reduce the number of shares of Stock available for delivery by one share.

(c) To the extent provided by the Committee, any Award may be settled in cash rather than Stock. To the extent any shares of Stock covered by an Award are not delivered to a Participant or beneficiary because the Award is forfeited or canceled, or the shares of Stock are not delivered because the Award is settled in cash or used to satisfy the applicable tax withholding obligation, such shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan.

(d) If the exercise price of any stock option granted under the Plan is satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation), only the number of shares of Stock issued net of the shares of Stock tendered shall be deemed delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan.

(e) Subject to paragraph 4.2(f), the following additional maximums are imposed under the Plan.

(i) The maximum number of shares that may be covered by Awards granted to any one individual pursuant to Section 2 (relating to Options and SARs) shall be 9,000,000 shares during any five calendar-year period. If an Option is in tandem with an SAR, such that the exercise of the Option or SAR with respect to a share of Stock cancels the tandem SAR or Option right, respectively, with respect to such share, the tandem Option and SAR rights with respect to each share of Stock shall be counted as covering one share of Stock for purposes of applying the limitations of this paragraph (i).

(ii) For Stock Unit Awards, Restricted Stock Awards, Restricted Stock Unit Awards and Performance Share Awards that are intended to be "performance-based compensation" (as that term is used for purposes of Code section 162(m)), no more than 3,000,000 shares of Stock may be subject to such Awards granted to any one individual during any five-calendar-year period (regardless of when such shares are deliverable). If, after shares have been earned, the delivery is deferred, any additional shares attributable to dividends during the deferred period shall be disregarded.

(iii) The maximum number of shares of Stock that may be issued in conjunction with Awards granted pursuant to Section 3 (relating to Other Stock Awards) shall be 12,000,000 shares except that Stock Units or Restricted Shares granted with respect to the deferral of annual cash incentive awards under the Company's deferral plan will not count towards this maximum.

(iv) For Performance Unit Awards that are intended to be "performance-based compensation" (as that term is used for purposes of Code section 162 (m)), no more than $4,000,000 may be subject to such Awards granted to any one individual during any one-calendar-year period (regardless of when such amounts are deliverable). If, after amounts have been earned with respect to Performance Unit Awards, the delivery of such amounts is deferred, any additional amounts attributable to earnings during the deferral period shall be disregarded.

(f) If any change in corporate capitalization, such as a stock split, reverse stock split, or stock dividend; or any corporate transaction such as a reorganization, reclassification, merger or consolidation or separation, including a spin-off, of the Company or sale or other disposition by the Company of all or a portion of its assets, any other change in the Company's corporate structure, or any distribution to shareholders (other than a cash dividend that is not an extraordinary cash dividend) results in the outstanding shares of Stock, or any securities exchanged therefor or received in their place, being exchanged for a different number or class of shares or other securities of the Company, or for shares of stock or other securities of any other corporation (or new, different or additional shares or other securities of the Company or of any other corporation being received by the holders of outstanding shares of Stock), or a material change in the market value of the outstanding shares of Stock as a result of the change, transaction or distribution, then equitable adjustments shall be made by the Committee, as it determines are necessary and appropriate, in:

(i) the number and type of Shares (or other property) with respect to which Awards may be granted;

(ii) the number and type of Shares (or other property) subject to outstanding Awards;

(iii) the grant or Exercise Price with respect to outstanding Awards; and

(iv) the terms, conditions or restrictions of outstanding Awards and/or Award agreements;

provided, however, that all such adjustments made in respect of each ISO shall be accomplished so that such Option shall continue to be an incentive stock option within the meaning of Section 422 of the Code. However, in no event shall this paragraph (f) be construed to permit a modification (including a replacement) of an Option or SAR if such modification either: (i) would result in accelerated recognition of income or imposition of additional tax under Code section 409A; or (ii) would cause the Option or SAR subject to the modification (or cause a replacement Option or SAR) to be subject to Code section 409A, provided that the restriction of this clause (ii) shall not apply to any Option or SAR that, at the time it is granted or otherwise, is designated as being deferred compensation subject to Code section 409A.

4.3 *GENERAL RESTRICTIONS.* Delivery of shares of Stock or other amounts under the Plan shall be subject to the following:

(a) Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.

(b) To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.

4.4 *TAX RESTRICTIONS.*

(a) All distributions under the Plan are subject to withholding of all applicable taxes, and the Committee may condition the delivery of any shares or other benefits under the Plan on satisfaction of the applicable withholding obligations. The Committee, in its discretion, and subject to such requirements as the Committee may impose prior to the occurrence of such withholding, may permit such withholding obligations to be satisfied through cash payment by the Participant, through the surrender of shares of Stock which the Participant already owns, or through the surrender of shares of Stock to which the Participant is otherwise entitled under the Plan.

(b) Subsections 4.5, 4.6 and 4.7 shall be subject to the following:

(i) Subsection 4.5 shall not be construed to permit the grant of a replacement Option or SAR if such action would cause the Option or SAR being granted or the option or stock appreciation right being replaced to be subject to Code section 409A, provided that this paragraph (i) shall not apply to any Option or SAR (or option or stock appreciation right granted under another plan) being replaced that, at the time it is granted, is clearly and expressly designated as being deferred compensation subject to Code section 409A.

(ii) Except with respect to an Option or SAR that, at the time it is granted, is clearly and expressly designated as being deferred compensation subject to Code section 409A, no Option or SAR shall condition the receipt of dividends (including dividend equivalents) with respect to an Option or SAR on the exercise of such Award, or otherwise provide for payment of such dividends in a manner that would cause the payment to be treated as an offset to or reduction of the exercise price of the Option or SAR (or an increase to the compensation payable under the Option or SAR) pursuant Treas. Reg. §1.409A-1(b)(5)(i)(E).

(iii) Neither subsection 4.5, 4.6 nor 4.7 shall be construed to permit a modification of an Award, or to permit the payment of a dividend or dividend equivalent, if such actions would result in accelerated recognition of taxable income or imposition of additional tax under Code section 409A.

(iv) Except for Options and SARs clearly and expressly designated at the time of grant as intended to be subject to Code section 409A, subsections 4.5, 4.6, and 4.7 shall not be construed to permit the deferred settlement of Options or SARs, if such settlement would result in deferral of compensation under Treas. Reg. §1.409A-1(b)(5)(i)(A)(*3*).

(c) At all times, this Plan shall be interpreted and operated (i) with respect to 409A Awards (as defined in Section 8 below), in accordance with the requirements of Code section 409A, unless an exemption from Code section 409A is available and applicable, (ii) to maintain the exemptions from Code section 409A of Options, SARs and Restricted Stock, unless any such Award is expressly and clearly designated as deferred compensation at the time of its grant, and any Awards designed to meet the short-term deferral exception under Code section 409A, and (iii) to preserve the status of deferrals of compensation that were earned and vested prior to January 1, 2005 as exempt from Code section 409A, *i.e.* , to preserve the grandfathered status of such deferrals. To the extent there is a conflict between the provisions of the Plan relating to compliance with Code section 409A and the provisions of any Award agreement issued under the Plan, the provisions of the Plan control. Moreover, any discretionary authority that the Committee may have pursuant to the Plan shall not be applicable to an Award that is subject to Code section 409A to the extent such discretionary authority would conflict with Code section 409A. In addition, to the extent required to avoid a violation of the applicable rules under Code section 409A by reason of Code section 409A(a)(2)(B)(i), any payment under an Award shall be delayed until the earliest date of payment that will result in compliance with the rules of Code section 409A(a)(2)(B)(i) (regarding the required six-month delay for distributions to specified employees that are related to a separation from service). In the event that any Award shall be deemed not to comply with Code section 409A, then neither the Company, the Board of Directors, the Committee nor its or their designees or agents, nor any of their affiliates, assigns or successors (each a "protected party") shall be liable to any Award recipient or other person for actions, inactions, decisions, indecisions or any other role in relation to the Plan by a protected party if made or undertaken in good faith or in reliance on the advice of counsel (who may be counsel for the Company), or made or undertaken by someone other than a protected party.

4.5 *GRANT AND USE OF AWARDS.* Subject to subsection 4.4: In the discretion of the Committee, a Participant may be granted any Award permitted under the provisions of the Plan, and more than one Award may be granted to a Participant. Awards may be granted as alternatives to or replacement of awards granted or outstanding under the Plan, or any other plan or arrangement of the Company or a Subsidiary (including a plan or arrangement of a business or entity, all or a portion of which is acquired by the Company or a Subsidiary). Subject to the overall limitation on the number of shares of Stock that may be delivered under the Plan, the Committee may use available shares of Stock as the form of payment for compensation, grants or rights earned or due under any other compensation plans or arrangements of the Company or a Subsidiary, including the plans and arrangements of the Company or a Subsidiary assumed in business combinations. Notwithstanding the provisions of subsection 2.2, Options and SARs granted under the Plan in replacement for awards under plans and arrangements of the Company, Subsidiaries, or other companies that are assumed in business combinations may provide for exercise prices that are less than the Fair Market Value of the Stock at the time of the replacement grants, if the Committee determines that such exercise price is appropriate to preserve the economic benefit of the award and that it will not impair the exemption of the Options or SARS from Code section 409A (unless the Committee clearly and expressly foregoes such exemption at the time the Options or SARs are granted).

4.6 *DIVIDENDS AND DIVIDEND EQUIVALENTS.* Subject to subsection 4.4: An Award (including without limitation an Option or SAR Award) may provide the Participant with the right to receive dividend payments or dividend equivalent payments with respect to Stock subject to the Award (both before and after the Stock subject to the Award is earned, vested, or acquired), which payments may be either made currently or credited to an account for the Participant, and may be settled in cash or Stock, as determined by the Committee. Any such settlements, and any such crediting of dividends or dividend equivalents or reinvestment in shares of Stock, may be subject to such conditions, restrictions and contingencies as the Committee shall establish, including the reinvestment of such credited amounts in Stock equivalents.

4.7 *SETTLEMENT AND PAYMENTS.* Subject to subsection 4.4: Awards may be settled through cash payments, the delivery of shares of Stock, the granting of replacement Awards, or combination thereof as the Committee shall determine. Any Award settlement, including payment deferrals, may be subject to such conditions, restrictions and contingencies as the Committee shall determine. The Committee may permit or require the deferral of any Award payment, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest, or dividend equivalents, including converting such credits into deferred Stock equivalents. Each Subsidiary shall be liable for payment of cash due under the Plan with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Subsidiary by the Participant. Any disputes relating to liability of a Subsidiary for cash payments shall be resolved by the Committee.

4.8 *TRANSFERABILITY.* Except as otherwise provided by the Committee, Awards under the Plan are not transferable except as designated by the Participant by will or by the laws of descent and distribution.

4.9 *FORM AND TIME OF ELECTIONS.* Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification, or revocation thereof, shall be in writing filed with the Committee at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee shall require.

4.10 *AGREEMENT WITH COMPANY.* An Award under the Plan shall be subject to such terms and conditions, not inconsistent with the Plan, as the Committee shall, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in such form of written document as is determined by the Committee. A copy of such document shall be provided to the Participant, and the Committee may, but need not require that the Participant sign a copy of such document. Such document is referred to in the Plan as an "Award Agreement" regardless of whether any Participant signature is required.

4.11 *ACTION BY COMPANY OR SUBSIDIARY.* Any action required or permitted to be taken by the Company or any Subsidiary shall be by resolution of its board of directors, or by action of one or more non-employee members of the board (including a committee of the board) who are duly authorized to act for the board, or (except to the extent prohibited by applicable law or applicable rules of any stock exchange) by a duly authorized officer of such company, or by any employee of the Company or any Subsidiary who is delegated by the board of directors authority to take such action.

4.12 *GENDER AND NUMBER.* Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

4.13 *LIMITATION OF IMPLIED RIGHTS.*

(a) Neither a Participant nor any other person shall, by reason of participation in the Plan, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary whatsoever, including, without limitation, any specific funds, assets, or other property which the Company or any Subsidiary, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Company or any Subsidiary, and nothing contained in the Plan shall constitute a guarantee that the assets of the Company or any Subsidiary shall be sufficient to pay any benefits to any person.

(b) The Plan does not constitute a contract of employment, and selection as a Participant will not give any participating employee or other individual the right to be retained in the employ of the Company or any Subsidiary or the right to continue to provide services to the Company or any Subsidiary, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Except as otherwise provided in the Plan, no Award under the Plan shall confer upon the holder thereof any rights as a shareholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights.

4.14 *EVIDENCE.* Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

SECTION 5
CHANGE IN CONTROL

Subject to the provisions of paragraph 4.2(f) (relating to the adjustment of shares), and except as otherwise provided in the Plan or the Award Agreement reflecting the applicable Award, the Committee may provide under the terms of any Award that upon the occurrence of a Change in Control:

(a) All outstanding Options (regardless of whether in tandem with SARs) shall become fully exercisable.

(b) All outstanding SARs (regardless of whether in tandem with Options) shall become fully exercisable.

(c) All Stock Units, Restricted Stock, Restricted Stock Units, and Performance Shares (including any Award payable in Stock which is granted in conjunction with a Company deferral program) shall become fully vested.

Notwithstanding anything in this Plan or any Award agreement to the contrary, to the extent any provision of this Plan or an Award agreement would cause a payment of deferred compensation that is subject to Code section 409A to be made upon the occurrence of a Change in Control, then such payment shall not be made unless such Change in Control also constitutes a "change in ownership", "change in effective control" or "change in ownership of a substantial portion of the Company's assets" within the meaning of Code section 409A. Any payment that would have been made except for the application of the preceding sentence shall be made in accordance with the payment schedule that would have applied in the absence of a Change in Control.

SECTION 6
COMMITTEE

6.1 *ADMINISTRATION.* The authority to control and manage the operation and administration of the Plan shall be vested in a committee (the "Committee") in accordance with this Section 6. The Committee shall be selected by the Board, and shall consist solely of two or more non-employee members of the Board. If the Committee does not exist, or for any other reason determined by the Board, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee. As of the date this Plan is adopted, the Committee shall mean the Compensation Committee of the Board of Directors.

6.2 *POWERS OF COMMITTEE.* The Committee's administration of the Plan shall be subject to the following:

(a) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the Eligible Individuals those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such Awards, and (subject to the restrictions imposed by Section 7) to cancel or suspend Awards.

(b) To the extent that the Committee determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States, the Committee will have the authority and discretion to modify those restrictions as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.

(c) The Committee will have the authority and discretion to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any Award Agreement made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.

(d) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.

(e) In controlling and managing the operation and administration of the Plan, the Committee shall take action in a manner that conforms to the articles and by-laws of the Company, and applicable state corporate law.

6.3 *DELEGATION BY COMMITTEE.* Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time. Until action to the contrary is taken by the Board or the Committee, the Committee's authority with respect to Awards and other matters concerning Participants below the Partners Council or Executive Officer level is delegated to the Chief Executive Officer or the Chief People Officer of the Company.

6.4 *INFORMATION TO BE FURNISHED TO COMMITTEE.* The Company and Subsidiaries shall furnish the Committee with such data and information as it determines may be required for it to discharge its duties. The records of the Company and Subsidiaries as to an employee's or Participant's employment (or other provision of services), termination of employment (or cessation of the provision of services), leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan.

6.5 *MISCONDUCT.* If the Committee determines that a present or former employee has (i) used for profit or disclosed to unauthorized persons, confidential or trade secrets of YUM!; (ii) breached any contract with or violated any fiduciary obligation to YUM!; or (iii) engaged in any conduct which the Committee determines is injurious to the Company, the Committee may cause that employee to forfeit his or her outstanding awards under the Plan, provided, however, that during the pendency of a Potential Change in Control and as of and following the occurrence a Change in Control, no outstanding awards under the Plan shall be subject to forfeiture pursuant to this Section 6.5.

A "Potential Change in Control" shall exist during any period in which the circumstances described in items (i), (ii), (iii) or (iv), below, exist (provided, however, that a Potential Change in Control shall cease to exist not later than the occurrence of a Change in Control):

(i) The Company or any successor or assign thereof enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; provided that a Potential Change in Control described in this item (i) shall cease to exist upon the expiration or other termination of all such agreements.

(ii) Any Person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; provided that a Potential Change in Control described in this item (ii) shall cease to exist upon the withdrawal of such intention, or upon a reasonable determination by the Board that there is no reasonable chance that such actions would be consummated.

(iii) Any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or any of its affiliates). However, a Potential Change in Control shall not be deemed to exist by reason of ownership of securities of the Company by any person, to the extent that such securities of the Company are acquired pursuant to a reorganization, recapitalization, spin-off or other similar transactions (including a series of prearranged related transactions) to the extent that immediately after such transaction or transactions, such securities are directly or indirectly owned in substantially the same proportions as the proportions of ownership of the Company's securities immediately prior to the transaction or transactions.

(iv) The Board adopts a resolution to the effect that, for purposes of this Plan, a potential change in control exists; provided that a Potential Change in Control described in this item (iv) shall cease to exist upon a reasonable determination by the Board that the reasons that give rise to the resolution providing for the existence of a Potential Change in Control have expired or no longer exist.

SECTION 7
AMENDMENT AND TERMINATION

The Board may, at any time, amend or terminate the Plan, provided that (i) no amendment or termination may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the Plan prior to the date such amendment is adopted by the Board; (ii) no amendments may increase the limitations on the number of shares set forth in subsections 4.2 (b) and 4.2(e) or decrease the minimum Option or SAR Exercise Price set forth in subsection 2.2 unless any such amendment is approved by the Company's shareholders; (iii) the provisions of subsection 2.6 (relating to Option repricing) may not be amended, unless any such amendment is approved by the Company's shareholders; (iv) no amendment may expand the definition of Eligible Individual in subsection 8(e), unless any such amendment is approved by the Company's shareholders; (v) no amendment may decrease the minimum restriction or performance period set forth in subsection 3.2(b), unless any such amendment is approved by the Company's shareholders; (vi) adjustments pursuant to subsection 4.2(f) shall not be subject to the foregoing limitations of this Section 7; and (vii) no amendment or termination shall be adopted or effective if it would result in accelerated recognition of income or imposition of additional tax under Code section 409A or, except as otherwise provided in the amendment, would cause amounts that were not otherwise subject to Code section 409A to become subject to Code section 409A.

SECTION 8
DEFINED TERMS

In addition to the other definitions contained herein, the following definitions shall apply:

(a) *409A AWARD* . The term "409A Award" shall mean each Plan Award that was not both earned and vested as of December 31, 2004, and all other Plan Awards that were materially modified after October 3, 2004, determined in each case within the meaning of Code section 409A.

(b) *AWARD.* The term "Award" shall mean any award or benefit granted under the Plan, including, without limitation, the grant of Options, SARs, Stock Unit Awards, Restricted Stock Awards, Restricted Stock Unit Awards, Performance Unit Awards, and Performance Share Awards.

(c) *BOARD.* The term "Board" shall mean the Board of Directors of the Company.

(d) *CHANGE IN CONTROL.* Except as otherwise provided by the Committee, a "Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (I) of paragraph (iii) below; or

(ii) the following individuals' cease for any reason to constitute a majority of the number of directors then serving; individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company), whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (^{2} /3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary with any other corporation, other than (I) a merger or consolidation immediately following which those individuals who immediately prior to the consummation of such merger or consolidation, constituted the Board, constitute a majority of the board of directors of the Company or the surviving or resulting entity or any parent thereof, or (II) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

"Affiliate" shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

"Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act, except that a Person shall not be deemed to be the Beneficial Owner of any securities which are properly filed on a Form 13-G.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) YUM! or any of its Affiliates; (ii) a trustee or other fiduciary holding securities under an employee benefit plan of YUM! or any of its subsidiaries; (iii) an underwriter temporarily holding securities pursuant to an offering of such securities; or (iv) a corporation owned, directly or indirectly, by the stockholders of YUM! in substantially the same proportions as their ownership of stock of YUM!.

(e) *CODE*. The term "Code" means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provision of the Code.

(f) *ELIGIBLE INDIVIDUAL.* For purposes of the Plan, the term "Eligible Individual" shall mean any employee of the Company or a Subsidiary, and any director of the Company. An Award may be granted to an employee, in connection with hiring, retention or otherwise, prior to the date the employee first performs services for the Company or the Subsidiaries, provided that such Awards shall not become vested prior to the date the employee first performs such services.

(g) *FAIR MARKET VALUE.* For purposes of determining the "Fair Market Value" of a share of Stock as of any date, Fair Market Value shall mean the average between the lowest and highest reported sale prices of the Stock on that date on the principal exchange on which the Stock is then listed or admitted to trading. If the day is not a business day, the Fair Market Value of the Stock shall be determined as of the last preceding business day.

(h) *SUBSIDIARIES.* The term "Subsidiary" means any corporation, partnership, joint venture or other entity during any period in which at least a fifty percent voting or profits interest is owned, directly or indirectly, by the Company (or by any entity that is a successor to the Company), and any other business venture designated by the Committee in which the Company (or any entity that is a successor to the Company) has a significant interest, as determined in the discretion of the Committee; provided, however, that except for options and SARs designated as intended to be subject to Code section 409A, options and SARs shall not be granted to employees or directors of Subsidiaries unless the ownership of the Subsidiary satisfies Treas. Reg. §1.409A-1(b)(5)(iii).

(i) *STOCK.* The term "Stock" shall mean shares of common stock of the Company.

YUM! CHANGE IN CONTROL SEVERANCE AGREEMENT

409A Addendum

THIS AGREEMENT, dated December 31, 2008, (the "409A Agreement") is made by and between YUM! Brands Inc., a North Carolina corporation (the Company"), and Emil Brolick (the "Executive").

WHEREAS, the Company and the Executive have previously entered into a change in control severance agreement (the “Severance Agreement”); and

WHEREAS, the Company and the Executive wish to ensure that the Severance Agreement complies to the extent necessary with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and thereby to avoid adverse tax consequences to the Executive (including avoiding an additional tax of 20% on compensation payable under the Severance Agreement); and

WHEREAS, ensuring Code Section 409A compliance requires the addition of certain provisions to the Severance Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. The provisions of this 409A Agreement supplement the provisions of the Severance Agreement. At all times, this 409A Agreement and the Severance Agreement shall be construed together so as to permit full compliance with Code Section 409A of any compensation subject to Code Section 409A that is provided by the Severance Agreement.

2. With respect to salary, compensation and benefits provided by the Severance Agreement in the event the Executive fails to perform the Executive's full-time duties with the Company as a result of incapacity due to physical or mental illness, to the extent these items constitute deferred compensation that is subject to Section 409A, the payment of such salary, compensation and benefits shall occur upon Executive’s "disability" or "separation from service", in each case as defined in Section 409A, whichever occurs earlier (but subject to Section 16(A)). In this case, the rate of payment shall be based on the normal rules for the salary, compensation or benefit in question, with a lump sum catch up for any amounts that would have been paid previously under such rules.

3. With respect to the Company's payment of the Executive's full salary to the Executive through the Date of Termination (as defined in the Severance Agreement) in the event the Executive's employment shall be terminated for any reason following a Change in Control (as defined in the Severance Agreement) and during the term of the Severance Agreement, to the extent any resulting salary, compensation and benefits constitute deferred compensation that is subject to Section 409A, the payment of such salary, compensation and benefits shall occur upon Executive's "separation from service", as defined in Section 409A, but subject to Section 16(A). In this case, the rate of payment shall be based on the normal rules for the salary, compensation or benefit in question, with a lump sum catch up for any amounts that would have been paid previously under such rules.

4. In the event that Severance Payments (as defined in the Severance Agreement) shall be reduced pursuant to the terms of the Severance Agreement, then Severance Payments shall be reduced in the order that the Severance Payments are described in the Severance Agreement (but disregarding for this purpose any Severance Payments that would not be considered "parachute payments" under the provisions and procedures of the Severance Agreement) and to the extent necessary so that no portion of the Total Payments will be subject to the Excise Tax (as these capitalized terms are defined in the Severance Agreement).

5. To the extent the Company pays to the Executive, pursuant to the Severance Agreement, an estimate of the minimum amount of payments to which the Executive is entitled and the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall be repaid to the Company promptly thereafter (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). Each payment required to be made by the Company to the Executive hereunder that relates to the Excise Tax and each repayment required to be made by the Executive to the Company in accordance with the preceding sentence shall in no event be paid later than the end of the calendar year next following the calendar year in which the Executive (or the Company on the Executive's behalf) remits the corresponding taxes to the Internal Revenue Service or other taxing authority.

6. To the extent the Company is to pay the Executive for legal fees and expenses incurred by the Executive (i) in disputing in good faith any issue under the Severance Agreement relating to the termination of the Executive's employment, or (ii) in seeking in good faith to obtain or enforce any benefit or right provided by the Severance Agreement, or (iii) in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder (the "Legal Expenses"), such Legal Expenses must be incurred during the period (A) beginning on the commencement date of the Severance Agreement and, (B) ending on the date that is five years after the Date of Termination of the Executive. The amount of Legal Expenses that are eligible for reimbursement during an Executive's taxable year may not affect the Legal Expenses eligible for reimbursement in any other taxable year. Such payments shall be made within ten (10) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require; provided, however, that in no event will the reimbursement of any Legal Expenses be made after the last day of the Executive's taxable year following the Executive's taxable year in which the Legal Expense in question was incurred. The right to reimbursement of Legal Expenses provided hereunder is not subject to liquidation or exchange for another benefit.

7. If a purported termination occurs following a Change in Control and during the term of the Severance Agreement and the Executive provides the Company with a Dispute Notification (as defined in the Severance Agreement), subject to providing all payments in compliance with Code Section 409A and avoiding all duplication of payment, the Company shall act within fifteen (15) days to restore fully the disputed benefits (so that all benefits are provided as of such date as would have been provided had there been no delay in providing such benefits) and to continue to provide such benefits as contemplated by this Agreement thereafter, but subject to termination and recapture from the Executive of these disputed benefits in accordance with the terms of a mutual written agreement of the parties, a binding arbitration award, or a final judgment, order or decree of a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected).

8. Notwithstanding any other provision of this 409A Agreement or the Severance Agreement, to the extent the Company determines in good faith that (i) one or more payments or benefits received or to be received by the Executive pursuant to the Severance Agreement (including but not limited to the Gross-Up Payment) would constitute deferred compensation subject to the rules of Code Section 409A, and (b) that the Executive is a "specified employee" under Code Section 409A, then only to the extent required to avoid the Executive's incurrence of any additional tax or interest under Section 409A, such payment or benefit will be delayed until the date that is six (6) months after the Executive's "separation from service" within the meaning of Section 409A. Any amounts that are postponed pursuant to this Section 8 will be paid in a lump sum payment within 10 days after the end of the six-month period. If the Executive dies during the six-month period, prior to the payment of the delayed amount, the amounts delayed on account of this Section 8 will be paid to the Executive's estate. In addition, to the extent the Company determines in good faith that one or more payments or benefits received or to be received by an Executive upon a termination of employment pursuant to the Agreement would constitute deferred compensation subject to the rules of Code Section 409A then in determining the time of payment of such deferred compensation a termination of employment shall be deemed to occur only if such termination of employment constitutes a "separation from service" as defined in Code Section 409A, as determined by the Company in accordance with such rules and policies adopted by it from time to time. Further, in this case, the Date of Termination shall be the date of such separation from service.

9. This 409A Agreement shall be delivered to the Executive in advance of December 31, 2008. To permit timely and sufficient documentary compliance with Code Section 409A, the provisions of this 409A Agreement shall automatically apply to amend the Severance Agreement unless the Executive expressly rejects the application of these provisions in writing. However, to provide an enhanced record of documentary compliance with Code Section 409A, the Company requests that the Executive sign and return a copy of this Agreement to the Company at his/her earliest convenience.

YUM! BRANDS, INC .

By: _____
Name: John P. Daly
Title: Corporate Counsel and Assistant Secretary

_____
Emil Brolick

YUM! BRANDS

LEADERSHIP RETIREMENT PLAN

Plan Document for the 409A Program,
Effective as of January 1, 2005 (with amendments through December 2008)

YUM! Brands Leadership Retirement Plan

Table of Contents

YUM! Brands Leadership Retirement Plan
Table of Contents

ARTICLE I – FOREWORD

YUM! Brands, Inc. (the "Company") established the YUM! Brands Leadership Retirement Plan (the "Plan") to benefit selected executives who are not eligible to participate in the YUM! Brands Retirement Plan. The Plan was effective as of April 1, 2002, and it was originally known as the Supplemental Executive Retirement Plan.

This document is effective as of January 1, 2005 (the "Effective Date"). Effective January 1, 2008, this document was amended and restated to add additional eligible executives and make certain other design changes. In December 2008, this document was further amended and restated to make certain changes for Section 409A and other items.

This document sets forth the terms of the Plan that are applicable to benefits that are subject to Section 409A, *i.e.* , generally, benefits that are earned or vested after December 31, 2004 (the "409A Program"). Other benefits under the Plan shall be governed by a separate set of documents that set forth the pre-Section 409A terms of the Plan (the "Pre-409A Program"). Together, this document and the documents for the Pre-409A Program describe the terms of a single plan. However, amounts subject to the terms of this 409A Program and amounts subject to the terms of the Pre-409A Program shall be tracked separately at all times. The preservation of the terms of the Pre-409A Program, without material modification, and the separation between the 409A Program amounts and the Pre-409A Program amounts are intended to be sufficient at all times to permit the Pre-409A Program to remain exempt from Section 409A.

With respect to benefits covered by this document, this document sets forth the terms of the Plan, specifying the group of executives of the Company and certain affiliated employers who are eligible to participate and the Plan's general provisions for determining and distributing benefits. Additional and alternate provisions applicable to certain eligible executive's benefits are set forth in the Appendix.

The Plan is unfunded and unsecured for purposes of the Code and ERISA. The benefits of an executive are an obligation of that executive's individual employer. With respect to his employer, the executive has the rights of an unsecured general creditor.

ARTICLE II – DEFINITIONS

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

2.01 Allocation Date:

The date as of which an Employer Credit is credited to the Participant's LRP Account. Except as otherwise provided in the Appendix for one or more specific Participants, the last business day of each Plan Year shall be an Allocation Date. In addition, when a Participant no longer is an active Participant, the last day of the calendar quarter containing his Termination Date shall also be an Allocation Date.

2.02 Authorized Leave of Absence:

A period of time when a Participant is considered to remain in the employment of his Employer (except as provided below) while not actively rendering services to his Employer as a result of one or more of the following –

(a) Any absence of 6 months or less (or 24 months or less, if the Participant retains a contractual right to return to work) that is authorized by an Employer under the Employer's standard personnel practices, whether paid or unpaid, as long as there is a reasonable expectation that the Participant will return to perform services for the Employer;

(b) A leave of absence pursuant to the Uniformed Services Employment and Reemployment Rights Act ("USERRA"); or

(c) A leave of absence pursuant to the Family Medical Leave Act ("FMLA") or any other similar family medical leave law of a particular state, if such law provides for a longer leave of absence than the FMLA.

2.03 Base Compensation:

An Eligible Executive's gross base salary, as determined by the Plan Administrator and to the extent paid in U.S. dollars from an Employer's U.S. payroll for a period that the Eligible Executive is an active Participant in the Plan. For any applicable period, an Eligible Executive's gross base salary shall be determined without regard to any reductions that may apply to the base salary, including applicable tax withholdings, Executive-authorized deductions (including deductions for the YUM! Brands 401 (k) Plan and applicable health and welfare benefits), tax levies and garnishments.

2.04 Beneficiary:

The person or persons (including a trust or trusts) properly designated by a Participant, as determined by the Plan Administrator, to receive the Participant's Vested LRP Account in the event of the Participant's death. To be effective, any Beneficiary designation must be in writing, signed by the Participant, and filed with the Plan Administrator prior to the Participant's death, and it must meet such other standards (including the requirement for spousal consent to the naming of a non-Spouse beneficiary by a married Participant) as the Plan Administrator shall require from time to time. An incomplete Beneficiary designation, as determined by the Plan Administrator, shall be void and of no effect. If some but not all of the persons designated by a Participant to receive his Vested LRP Account at death predecease the Participant, the Participant's surviving Beneficiaries shall be entitled to the portion of the Participant's Vested LRP Account intended for such pre-deceased persons in proportion to the surviving Beneficiaries' respective shares; provided that primary beneficiaries shall be paid before contingent beneficiaries. If no designation is in effect at the time of a Participant's death or if all designated Beneficiaries have predeceased the Participant, then the Participant's Beneficiary shall be (i) in the case of a Participant who is married at death, the Participant's Spouse, or (ii) in the case of a Participant who is not married at death, the Participant's estate. In determining whether a Beneficiary designation that relates to the Plan is in effect, unrevoked designations that were received prior to the Effective Date of the 409A Program shall be considered. A Beneficiary designation of an individual by name (or name and relationship) remains in effect regardless of any change in the designated individual's relationship to the Participant. A Beneficiary designation solely by relationship (for example, a designation of "Spouse," that does not give the name of the Spouse) shall designate whoever is the person (if any) in that relationship to the Participant at his death. An individual who is otherwise a Beneficiary with respect to a Participant's Vested LRP Account ceases to be a Beneficiary when all applicable payments have been made from the LRP Account.

2.05 Bonus Compensation:

The gross amount of an Eligible Executive's target annual incentive or bonus award, which shall be equal to the Eligible Executive's current annualized Base Compensation in effect as of the applicable Allocation Date multiplied by the Eligible Executive's current target bonus percentage, in effect as of the applicable Allocation Date, under his Employer's annual incentive or bonus plan. Bonus Compensation shall be determined by the Plan Administrator and shall only be taken into account to the extent paid in U.S. dollars from an Employer's U.S. payroll. An Eligible Executive's Bonus Compensation shall be determined without regard to any reductions that may apply, including applicable tax withholdings, Executive-authorized deductions (including deductions for the YUM! Brands 401(k) Plan and applicable health and welfare benefits), tax levies, and garnishments.

2.06 Break in Service Payment Election:

The election to defer the distribution of a Participant's Pre-Break Subaccount, if applicable, pursuant to the provisions of Section 4.03.

2.07 Change in Control:

A "Change in Control" shall be deemed to occur if the event set forth in any one of the following paragraphs shall have occurred:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or an Affiliate) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of Subsection (c) below;

(b) The following individuals cease for any reason to constitute a majority of the number of directors then serving; individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including a consent solicitation, relating to the election of directors of the Company), whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(c) There is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary with any other corporation, other than (i) a merger or consolidation immediately following which those individuals who immediately prior to the consummation of such merger or consolidation, constituted the Board, constitute a majority of the board of directors of the Company or the surviving or resulting entity or any parent thereof, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or an Affiliate) representing 20% or more of the combined voting power of the Company's then outstanding securities.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

For purposes of the foregoing, the following capitalized and underlined words shall have the meanings ascribed to them below:

" Affiliate " shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

" Beneficial Owner " shall have the meaning set forth in Rule 13d-3 under the Exchange Act, except that a Person shall not be deemed to be the Beneficial Owner of any securities which are properly filed on a Form 13-G.

" Exchange Act " shall mean the Securities Exchange Act of 1934, as amended from time to time.

" Person " shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates; (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries; (iii) an underwriter temporarily holding securities pursuant to an offering of such securities; or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

" Subsidiary " means any corporation, partnership, joint venture or other entity during any period in which at least a fifty percent voting or profits interest is owned, directly or indirectly, by the Company (or by any entity that is a successor to the Company).

2.08 Code:

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

2.09 Company:

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

2.10 Disability:

A Participant shall be considered to suffer from a Disability, if, in the judgment of the Plan Administrator (determined in accordance with the provisions of Section 409A), the Participant –

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

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

A Participant who has received a Social Security disability award will be conclusively deemed to satisfy the requirements of Subsection (a). In turn, a Participant who has not received a Social Security disability award will be conclusively deemed to not meet the requirements of Subsection (a).

The related term, "Disabled," shall mean to suffer from a Disability.

2.11 Disability Benefits:

The receipt by a Participant of short-term disability benefits from the YUM! Brands Short-Term Disability Plan (or such other short-term disability plan sponsored by his Employer) or long-term disability benefits from the YUM! Brands Long-Term Disability Plan (or such other long-term disability plan sponsored by his Employer).

2.12 Disability Leave of Absence:

A continuous period of absence during which the Participant is receiving Disability Benefits. A Participant's Disability Leave of Absence shall end on the earlier of the date when the Participant is no longer receiving Disability Benefits or the date that the Participant is entitled to payment under Section 5.03 as a result of the Participant's Separation from Service (*i.e.,* when the Participant Separates from Service as a result of his Disability or age 55, if later). However, if the Participant executes a valid Disability Payment Election pursuant to Section 4.02, such Participant's Disability Leave of Absence shall be extended until the specific payment date listed in the Disability Payment Election (or such later Disability Payment Election). The Participant shall be considered to be on a Disability Leave of Absence without regard to whether the Participant is generally considered to be a continuing Employee of the Employer.

2.13 Disability Payment Election:

The voluntary election that can be made by a Disabled Participant under Section 4.02 to extend his Disability Leave of Absence and the payment of his LRP Benefits.

2.14 Earnings Credit:

The increment added to a Participant's LRP Account as a result of crediting the account with a return based on the Participant's Earnings Rate.

2.15 Earnings Rate:

(a) Earnings Rate as of the Effective Date . As of the Effective Date, the Earnings Rate shall be 6% per annum, compounded annually. In the event a Valuation Date occurs less than 12 months after the prior Valuation Date, this Earnings Rate shall be converted to a rate for the period since the last Valuation Date by reducing it to a rate that is appropriate for such shorter period. Such reduction shall be done in a way that would result in the specified 6% annual rate of return being earned for the number of such periods that equals one year. The Earnings Rate is used to determine the Earnings Credit that is credited to the Participant's LRP Account from time to time pursuant to the provisions of Section 5.01(d).

(b) Earnings Rate from and after July 1, 2006 . Except as provided in the Appendix, from and after July 1, 2006, the Earnings Rate for all Participants shall be 5% per annum, compounded annually. In the event a Valuation Date occurs less than 12 months after the prior Valuation Date, this Earnings Rate shall be converted to a rate for the period since the last Valuation Date by reducing it to a rate that is appropriate for such shorter period. Such reduction shall be done in a way that would result in the specified 5% annual rate of return being earned for the number of such periods that equals one year. The Earnings Rate is used to determine the Earnings Credit that is credited to the Participant's LRP Account from time to time pursuant to the provisions of Section 5.01(d).

(c) Adjustments to the Earnings Rate . As provided by Section 5.01(d), the Earnings Rate shall be evaluated and may be revised by the Company on an annual basis.

2.16 Employer:

The Company, and each division of the Company and each of the Company's subsidiaries and affiliates (if any) that is currently designated as an adopting Employer of the Plan by the Company. Where there is a question as to whether a particular division, subsidiary or affiliate is an Employer under the Plan, the determination of the Plan Administrator shall be absolutely conclusive. An entity shall be an Employer hereunder only for the period that it is – (a) so determined by the Plan Administrator, and (b) a member of the YUM! Organization.

2.17 Employer Credit / Employer Credit Percentage:

The Employer Credit is an amount that is credited to a Participant's LRP Account as of each Allocation Date pursuant to the provisions of Section 5.01(b) and (c) or the Appendix. The "Employer Credit Percentage" is the percentage in Section 5.01(b) of Base Compensation or Bonus Compensation (or both), which is used to calculate a Participant's Employer Credit pursuant to Section 5.01(c).

2.18 ERISA:

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

2.19 Executive / Eligible Executive:

An "Executive" is any individual in an executive classification of an Employer who (i) is receiving remuneration for personal services that he or she is currently rendering in the employment of an Employer (or who is on an Authorized Leave of Absence), and (ii) is paid in U.S. dollars from the Employer's U.S. payroll. An "Eligible Executive" shall have the meaning provided in Section 3.01.

2.20 409A Program:

The program described in this document. The term "409A Program" is used to identify the portion of the Plan that is subject to Section 409A.

2.21 Key Employee:

The individuals identified in accordance with principles set forth in Subsection (a), as modified by the following provisions of this Section.

(a) In General . Any Eligible Executive or former Eligible Executive who at any time during the applicable year is –

(1) An officer of an Employer having annual compensation greater than $130,000 (as adjusted under Code Section 416(i)(1));

(2) A 5-percent owner of an Employer; or

(3) A 1-percent owner of an Employer having annual compensation of more than $150,000.

For purposes of (1) above, no more than 50 employees identified in the order of their annual compensation (or, if lesser, the greater of 3 employees or 10 percent of the employees) shall be treated as officers. For purposes of this Section, annual compensation means compensation as defined in Code Section 415(c)(3). The Plan Administrator shall determine who is a Key Employee in accordance with Code Section 416(i) and the applicable regulations and other guidance of general applicability issued thereunder or in connection therewith (including the provisions of Code Section 416(i)(3) that treat self employed individuals as employees for purposes of this definition); provided, that Code Section 416(i)(5) shall not apply in making such determination, and provided further that the applicable year shall be determined in accordance with Section 409A and that any modification of the foregoing definition that applies under Section 409A shall be taken into account.

(b) Special Operating Rules . To ensure that the Company does not fail to identify any Key Employees based on the provisions of Subsection (a), the Company shall treat as Key Employees for the Plan Year of their Separation from Service those individuals who meet the provisions of paragraph (1) or (2) below (or both).

(1) The Company shall treat as Key Employees all Eligible Executives (and former Eligible Executives) that are classified for any portion of the Plan Year of their Separation from Service as Level 15 and above; and

(2) The Company shall treat as a Key Employee any Eligible Executive who would be a Key Employee as of his Separation from Service date based on the standards in this paragraph (2). For purposes of this paragraph (2), the Company shall determine Key Employees under Subsection (a)(1) and (3) above based on compensation (as defined in Code Section 415(c)(3)) that is taken into account as follows:

(i) If the determination is in connection with a Separation from Service in the first calendar quarter of a Plan Year, the determination shall be made using compensation earned in the calendar year that is two years prior to the current calendar year (*e.g.*, for a determination made in the first quarter of 2005, compensation earned in the 2003 calendar year shall be used); and

(ii) If the determination is in connection with a Separation from Service in the second, third or fourth calendar quarter of a Plan Year, the determination shall be made using the compensation earned in the prior calendar year (*e.g.*, for a determination made in the second quarter of 2005, compensation earned in the 2004 calendar year shall be used).

In addition, a Participant shall be considered an officer for purposes of Subsection (a)(1), a 5-percent owner for purposes of Subsection (a)(2) or a 1-percent owner for purposes of Subsection (a)(3) with respect to a Separation from Service distribution, if the Participant was an officer, a 5-percent owner or a 1-percent owner (as applicable) at some point during the calendar year that applies, in accordance with Subparagraphs (i) and (ii) above, in determining the Participant's compensation for purposes of that Separation from Service.

2.22 LRP Account:

The individual account maintained for a Participant on the books of his Employer that indicates the dollar amount that, as of any time, is credited under the Plan for the benefit of the Participant. The balance in such LRP Account shall be determined by the Plan Administrator. The Plan Administrator may establish one or more subaccounts as it deems necessary for the proper administration of the Plan, and may also combine one or more subaccounts to the extent it deems separate subaccounts are not then needed for sound recordkeeping. Where appropriate, a reference to a Participant's LRP Account shall include a reference to each applicable subaccount that has been established thereunder. "Pre-Break Subaccount" and "Post-Break Subaccount" shall have the meanings given to them in Section 3.04.

2.23 LRP Benefit:

The amount or amounts that are distributable to a Participant (or Beneficiary) in accordance with Section 5.03. A Participant's LRP Benefit shall be determined by the Plan Administrator based on the terms of the entire Plan.

2.24 One-Year Break in Service:

A 12 consecutive-month period beginning on a Participant's Separation from Service and ending on the first anniversary of such date. Subsequent One-Year Breaks in Service shall begin on the first and later anniversaries of such date and end on the next following anniversary. A Break in Service shall continue until the Participant is reemployed as an eligible Executive. No break in service shall begin until after a Participant is no longer an active Participant pursuant to Section 3.03(b).

2.25 Participant:

Any Executive who is qualified to participate in this Plan in accordance with Section 3.01 and for whom an Employer maintains on its books a LRP Account. An active Participant is one who is due an Employer Credit for the Plan Year (as provided in Section 3.03). A Break in Service Participant shall have the meaning assigned by Section 3.04.

2.26 Plan:

The YUM! Brands Leadership Retirement Plan, the plan set forth herein and in the Pre-409A Program documents, as it may be amended and restated from time to time (subject to the limitations on amendment that are applicable hereunder and under the Pre-409A Program).

2.27 Plan Administrator:

The Company's Chief People Officer, who shall have the authority to administer the Plan as provided in Article V. In turn, the Chief People Officer has the authority to re-delegate operational responsibilities to other persons or parties. As of the Effective Date, the Chief People Officer has delegated to the Company's Compensation Department the day to day administration of the Plan. References in this document to the Plan Administrator shall be understood as referring to the Chief People Officer, the Company's Compensation Department and any others delegated by the Chief People Officer, as appropriate under the circumstances.

2.28 Plan Year:

The 12-consecutive month period beginning on January 1 and ending on the following December 31 of each year.

2.29 Pre-409A Program:

The portion of the Plan that governs benefits that are not subject to Section 409A. The terms of the Pre-409A Program are set forth in a separate set of documents.

2.30 Retirement:

A Participant's Separation from Service after attaining age 60.

2.31 Section 409A:

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

2.32 Separation from Service:

A Participant's separation from service with the YUM! Organization, within the meaning of Section 409A(a)(2)(A)(i). The term may also be used as a verb (i.e., "Separates from Service") with no change in meaning. In addition, a Separation from Service shall not occur while the Participant is on an Authorized Leave of Absence or a Disability Leave of Absence. For purposes of a Disability Leave of Absence, a Separation from Service shall occur on the earlier of the date that the Participant has reached 29 continuous months of a Disability Leave of Absence or the date that the Participant formally resigns his employment with the Employer and the Yum! Organization.

2.33 Spouse:

An individual shall only be recognized by the Plan Administrator as a Spouse or as being "married" to an Eligible Executive, if – (i) the individual is of the opposite gender to the Eligible Executive, (ii) the individual and the Eligible Executive are considered to be legally married (including a common law marriage, if the common law marriage was formed in one of the states that permit the formation of a common law marriage), and (iii) the marriage of the individual and the Eligible Executive is recognized on the relevant day as valid in the state where the Eligible Executive resides.

2.34 Termination Date:

The date that a Participant's active participation in this Plan terminates as defined in Section 3.03.

2.35 Valuation Date:

Each date as specified by the Plan Administrator from time to time as of which Participant LRP Accounts are valued in accordance with Plan procedures that are currently in effect. As of the Effective Date, the Plan shall have a Valuation Date for all Plan Participants as of the last day of each Plan Year. In addition, if a Participant is entitled to a distribution under Article V, such Participant shall have a Valuation Date under the Plan that is the last day of the calendar quarter that contains the date as of which such Participant becomes entitled to a distribution under Article V. In accordance with procedures that may be adopted by the Plan Administrator, any current Valuation Date may be changed. Values under the Plan are determined as of the close of a Valuation Date. If a Valuation Date is not a business day, then the Valuation Date will be the immediately preceding business day.

2.36 Vesting Schedule:

The schedule under which a Participant's LRP Account becomes vested and nonforfeitable in accordance with Section 5.02 or the Appendix.

2.37 Vested LRP Account:

The portion of a Participant's LRP Account that has become vested and nonforfeitable within the meaning of Section 5.02(a) or the Appendix.

2.38 Year of Participation:

The period during a Plan Year (or such other period as provided in the Appendix) – (a) during which an Eligible Executive is an active Participant, and (b) during which an Eligible Executive has not incurred a Termination Date (the "Participation Period"). An Eligible Executive is considered an active Participant only for the period from and after when his participation begins under Section 3.02 until when it terminates under Section 3.03. If the Participation Period encompasses the entire Plan Year (or such other period as provided in the Appendix), the Participant shall be credited with a complete Year of Participation for such Plan Year (or such other period as provided in the Appendix). If the Participation Period covers only a portion of the Plan Year (or such other period as provided in the Appendix), then the Participant shall be credited with a fractional Year of Participation for such Plan Year (or such other period as provided in the Appendix). Such fractional Year of Participation shall be equal to the number of months during the Participation Period divided by twelve; provided, that if the Participation Period includes at least one day of a month, the Eligible Executive shall receive credit for the whole month.

2.39 Year of Service:

The number of 12-month periods of the most recent continuous employment with the YUM! Organization commencing on the Participant's most recent day of employment or re-employment with the YUM! Organization and ending on the Participant's Separation from Service (including those periods that may have occurred prior to becoming a Plan Participant). Years of Service shall include completed years and months. A partial month shall be counted as a whole month. If an individual is previously employed by the YUM! Organization, incurs a Separation from Service, is rehired by the YUM! Organization and becomes a Participant in this Plan, the individual's previous period or periods of employment are only credited towards the Participant's Years of Service to the extent provided in Section 3.01(e) and Section 3.04.

2.40 YUM! Organization:

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

ARTICLE III – PARTICIPATION

3.01 Eligibility to Participate.

(a) Rules Effective from and after January 1, 2008 . Effective from and after January 1, 2008, an Executive shall be eligible to participate in this Plan, if the Executive satisfies all of the following requirements:

(1) The Executive meets one of the following –

(i) The Executive is classified by his Employer as Level 12 or above on January 1, 2008 (and while he remains so classified);

(ii) The Executive is hired by an Employer on or after January 1, 2008 as an Executive classified as Level 12 or above (and while he remains so classified); or

(iii) The Executive is promoted by an Employer on or after January 1, 2008 from below Level 12 into a Level 12 or above position (and while he remains so classified);

(2) The Executive is not eligible to participate in the YUM! Brands Retirement Plan; and

(3) The Executive has attained at least age 21.

(b) Rules Effective for the 2007 Plan Year . Effective from and after January 1, 2007 and before January 1, 2008, an Executive shall be eligible to participate in this Plan, if the Executive satisfies all of the following requirements:

(1) The Executive meets one of the following –

(i) The Executive is classified by his Employer as Level 14 or above on January 1, 2007 (and while he remains so classified);

(ii) The Executive is hired by an Employer on or after January 1, 2007 and before January 1, 2008 as an Executive classified as Level 14 or above (and while he remains so classified); or

(iii) The Executive is promoted by an Employer on or after January 1, 2007 and before January 1, 2008 from below Level 14 into a Level 14 or above position (and while he remains so classified);

(2) The Executive is not eligible to participate in the YUM! Brands Retirement Plan; and

(3) The Executive has attained at least age 40.

(c) Rules Effective as of the Effective Date through December 31, 2006 . Effective from and after the Effective Date and through December 31, 2006, an Executive shall be eligible to participate in this Plan, if the Executive satisfies all of the following requirements:

(1) The Executive has been selected by his Employer to participate in this Plan (and while he remains selected);

(2) The Executive is not eligible to participate in the YUM! Brands Retirement Plan; and

(3) The Executive has attained at least age 40.

(d) Special Eligibility Rules . If an Executive was a Participant in the Pre-409A Program immediately prior to January 1, 2005, the Executive shall remain a Participant in this Plan subject to the regular participation rules of the Plan, including Section 3.03. Further, if an Executive became a Participant in the Plan by satisfying Section 3.01(b) or (c), such Executive shall remain a Participant in the Plan after the applicable timeperiod subject to the regular participation rules of the Plan, including Section 3.03.

(e) Certain Rehired Executives . If an Executive was previously employed by the YUM! Organization, such Executive was not eligible to participate in this Plan (*e.g.*, the Executive was eligible to participate in the YUM! Brands Retirement Plan) as a result of such previous employment and such Executive is later rehired by the Yum! Organization and becomes eligible to participate in this Plan on or after his rehire date, then such rehired Executive –

(1) Shall be credited at the start of his first Year of Participation with Years of Service that include his service relating to his prior period or periods of employment with the Yum! Organization; and

(2) Shall not receive an Employer Credit or any LRP Benefit with respect to any period prior to his rehire date.

During the period an individual satisfies the eligibility requirements of the above Subsections, whichever applies to the individual, he shall be referred to as an "Eligible Executive."

3.02 Inception of Participation.

An Eligible Executive shall become a Participant in this Plan as of date the Participant first satisfies the eligibility requirements to be an Eligible Executive that are set forth in Section 3.01.

3.03 Termination of Participation.

(a) General . Except as modified below and except as provided in subsection (b), an individual's eligibility to participate actively in this Plan shall cease upon his "Termination Date," which is the earliest to occur of the following:

(1) The date the individual ceases to be an Eligible Executive; or

(2) The first day an individual begins a period of severance (*i.e.* , the period that follows a Separation from Service).

Notwithstanding the prior sentence, an individual shall continue to participate actively in this Plan during a period of an Authorized Leave of Absence, and an individual who is on an Authorized Leave of Absence shall have a "Termination Date" on the day the individual does not return to active work at the end of such Authorized Leave of Absence. The calculation of an individual's Employer Credit shall not take into account any compensation earned from and after his Termination Date. In addition, a Participant's Participation Period for purposes of determining Years of Participation shall end on the Participant's Termination Date. If an individual incurs a Termination Date but otherwise remains an employee of the YUM! Organization (e.g., does not incur a Separation from Service), such individual shall continue to accrue Years of Service while remaining in the employ of the YUM! Organization.

(b) Disability Leave of Absence . Notwithstanding subsection (a) above, an individual shall continue to participate actively in this Plan during a period of a Disability Leave of Absence. Accordingly, such individual shall have a "Termination Date" on the last day of his Disability Leave of Absence. If the Participant executes a valid Disability Payment Election pursuant to Section 4.02, such Participant's Disability Leave of Absence shall be extended until the specific payment date listed in the Disability Payment Election (or such later Disability Payment Election). However, if the Participant's Disability Leave of Absence terminates due to the Participant's cessation of Disability Benefits and he returns to active work with an Employer, such Participant shall not have a Termination Date (and active participation shall continue) if the Participant returns to work as an eligible Executive pursuant to Section 3.01. A Participant's Participation Period for purposes of determining Years of Participation shall end on the Participant's Termination Date. Active participation in this Plan shall continue as provided above without regard to whether the Participant is generally considered to be a continuing Employee of the Employer.

(c) Effect of Distribution of Benefits . An individual, who has been a Participant under the Plan, ceases to be a Participant on the date his Vested LRP Account is fully distributed.

3.04 Break in Service.

(a) Less than a One-Year Break in Service . If a Participant incurs a break in service and returns in an eligible classification, but such break in service is less than a One-Year Break in Service, such Participant shall be deemed to not have incurred a Termination Date and his Participation Period, Years of Service, Employer Credit and Earnings Credit shall be recomputed as if such break in service never occurred.

(b) One-Year Break in Service – Vested Participants . A Participant who has satisfied the requirements for vesting under Section 5.02 at the time he incurs a One-Year Break in Service and who is again employed at any time thereafter in an eligible classification shall re-participate in this Plan as of the date he becomes an eligible Executive. Such individual's pre-break Years of Service shall be restored in determining his rights and benefits under the Plan. In addition, such individual shall begin a new Participation Period beginning with the date he once again becomes an active Participant pursuant to Section 3.02. However, such individual shall not be entitled to an Employer Credit for the period of the break.

(c) One-Year Break in Service – Non-Vested Participants . Any Participant not described in subsection (b) who incurs a One-Year Break in Service and who is again employed in an eligible classification shall re-participate in this Plan as of the date he becomes an eligible Executive. His pre-break Years of Service shall be restored, but only if the number of his consecutive One-Year Breaks in Service is less than the greater of: (i) 5, or (ii) the aggregate number of his pre-break Years of Service. In addition, such individual shall begin a new Participation Period beginning with the date he once again becomes an active Participant pursuant to Section 3.02. However, such individual shall not be entitled to an Employer Credit for the period of the break.

(d) Break in Service Subaccounts . If a Participant incurs a break in service under this Section and the Participant did not receive a distribution of his LRP Benefit during or as a result of the break in service (*e.g.,* the break in service occurs prior to the Participant's 55 th birthday), the Employer Credits (and the Earnings Credits related thereto) that are credited after the break in service shall be credited to a separate subaccount of the Participant's LRP Account (the "Post-Break Subaccount"). The Post-Break Subaccount shall be separately distributed from the value of the Participant's pre-break LRP Account, which shall be referred to as the "Pre-Break Subaccount." An affected Participant shall be able to extend the payment date of the Participant's Pre-Break Subaccount by making a Break in Service Payment Election pursuant to Section 4.03. A Participant's Pre-Break Subaccount and Post-Break Subaccount shall consist of the Participant's entire LRP Account. A Participant who has a Pre-Break and Post-Break Subaccount shall be referred to as a "Break in Service Participant."

ARTICLE IV – ELECTIONS

4.01 Beneficiaries.

A Participant shall be able to designate, on a form provided by the Plan Administrator for this purpose, a Beneficiary to receive payment, in the event of his death, of the Participant's Vested LRP Account. A Beneficiary shall be paid in accordance with the terms of the Beneficiary designation form, as interpreted by the Plan Administrator in accordance with the terms of this Plan. At any time, a Participant may change a Beneficiary designation by completing a new Beneficiary designation form that is signed by the Participant and filed with the Plan Administrator prior to the Participant's death, and that meets such other standards (including the requirement of Spousal consent for married Participants) as the Plan Administrator shall require from time to time.

4.02 Deferral of Payment While Receiving Disability Benefits.

(a) General . Effective from and after January 1, 2008, subject to subsection (b) below, a Participant who is on a Disability Leave of Absence (and active participation continues under Section 3.03(b)) may make one or more elections to extend the time of payment of his LRP Benefit. This opportunity to extend the Participant's time of payment is referred to as a "Disability Payment Election."

(b) Requirements for Disability Payment Elections . A Disability Payment Election must comply with all of the following requirements:

(1) If a Participant's LRP Benefit will be paid at age 55 pursuant to Section 5.03(a) (*e.g.,* because the Participant's Separation from Service occurred prior to age 55), the Participant must make his first Disability Payment Election no later than 12 months before the Participant's 55 th birthday; provided however a Participant can make a valid Disability Payment Election within 12 months of his 55 th birthday, if the Participant's 55 th birthday is in the 2009 calendar year and if the Participant makes the Disability Payment Election during the 2008 calendar year.

(2) If a Participant's LRP Benefit will be paid at Separation from Service pursuant to Section 5.03(a) (*e.g.,* because the Participant will be age 55 or older upon Separation from Service), the Participant must make his first Disability Payment Election at least 12 months before his Separation from Service; provided however a Participant can make a valid Disability Payment Election within 12 months of his Separation from Service, if the Participant's Separation from Service occurs in the 2009 calendar year and if the Participant makes the Disability Payment Election during the 2008 calendar year.

(3) A Participant's first Disability Payment Election must specify a new specific payment date for his LRP Benefits that is at least 5 years after his 55 th birthday or Separation from Service, whichever is applicable as provided in paragraphs (1) or (2).

(4) Subsequent Disability Payment Elections must be made at least 12 months before the specific payment date of the prior Disability Payment Election and must provide for a new specific payment date for his LRP Benefits that is at least 5 years after the prior specific payment date listed in the prior Disability Payment Election.

(5) All Disability Payment Elections must specify a specific payment date, and Separation from Service or any other event cannot be selected on a Disability Payment Election.

(6) All Disability Payment Elections must comply with all of the requirements of this Section 4.02.

(7) A Participant cannot change the form of payment of his LRP Benefit pursuant to a Disability Payment Election.

(8) A Participant may not make a Disability Payment Election if the election would provide for a specific payment date after the Participant's 80 th birthday.

A Disability Payment Election will be void and payment will be made based on the provisions of the Plan other than this Section 4.02, if all of the provisions of the foregoing paragraphs of this subsection are not satisfied in full. A Participant's Disability Payment Election shall become effective 12 months after the date on which the election is made pursuant to Section 409A(a)(4)(C)(i). If a Participant's Disability Payment Election becomes effective in accordance with the provisions of this subsection, the Participant's prior payment date shall be superseded (including any specific payment date specified in a prior Disability Payment Election).

(c) Plan Administrator's Role . Each Participant has the sole responsibility to make a Disability Payment Election by contacting the Plan Administrator and to comply with the requirements of this Section. The Plan Administrator may provide a notice of a Disability Payment Election opportunity to some or all affected Participants, but the Plan Administrator is under no obligation to provide such notice (or to provide it to all affected Participants, in the event a notice is provided only to some Participants). The Plan Administrator has no discretion to waive or otherwise modify any requirement set forth in this Section or in Section 409A.

4.03 Break in Service Deferral of Payment.

(a) General . Effective from and after January 1, 2008, subject to subsection (b) below, a Break in Service Participant may make one or more elections to extend the time of payment of his Pre-Break Subaccount. This opportunity to extend the Participant's time of payment for his Pre-Break Subaccount is referred to as a "Break in Service Payment Election."

(b) Requirements for Break in Service Payment Elections . A Break in Service Payment Election must comply with all of the following requirements:

(1) The Participant must make his first Break in Service Payment Election no later than 12 months before the Participant's 55 th birthday, and the Break in Service Payment Election must provide for either (i) a specific payment date that is at least 5 years after the Participant's 55 th birthday, or (ii) the later of a specific payment date that is at least 5 years after the Participant's 55 th birthday or his Separation from Service; provided however a Participant can make a valid Break in Service Payment Election within 12 months of his 55 th birthday, if the Participant's 55 th birthday is in the 2009 calendar year and if the Participant makes the Break in Service Payment Election during the 2008 calendar year.

(2) Subsequent Break in Service Payment Elections must be made at least 12 months before the specific payment date of the prior election and must provide for a new specific payment date that is at least 5 years after the specific payment date listed in the prior election. If a Participant's prior election was the later of 5 years after his 55 th birthday or Separation from Service, a subsequent Break in Service Payment Election must be made at least 12 months prior to the specific payment date selected on the prior election and at least 12 months prior to his Separation from Service. Such subsequent Break in Service Payment Election must also provide for a distribution on the later of a new specific payment date that is least 5 years after the specific payment date listed in the prior election or his Separation from Service.

(3) All Break in Service Payment Elections must specify a specific payment date.

(4) All Break in Service Payment Elections must comply with all of the requirements of this Section 4.03.

(5) A Participant cannot change the form of payment of his LRP Benefit pursuant to a Break in Service Payment Election.

(6) A Participant may not make a Break in Service Payment Election if the election would provide for a specific payment date after the Participant's 80 th birthday.

(7) The Break in Service Payment Election shall only apply to distribution of the Break in Service Participant's Pre-Break Subaccount.

(8) A Break in Service Payment Election may not be made if Section 5.03(e) applies.

A Break in Service Payment Election will be void and payment will be made based on the provisions of the Plan other than this Section 4.03, if all of the provisions of the foregoing paragraphs of this subsection are not satisfied in full. A Participant's Break in Service Payment Election shall become effective 12 months after the date on which the election is made pursuant to Section 409A(a)(4)(C)(i). If a Participant's Break in Service Payment Election becomes

effective in accordance with the provisions of this subsection, the Participant's prior payment date shall be superseded (including any specific payment date specified in a prior Break in Service Payment Election).

(c) Plan Administrator's Role . Each Participant has the sole responsibility to make a Break in Service Payment Election by contacting the Plan Administrator and to comply with the requirements of this Section. The Plan Administrator may provide a notice of a Break in Service Payment Election opportunity to some or all affected Participants, but the Plan Administrator is under no obligation to provide such notice (or to provide it to all affected Participants, in the event a notice is provided only to some Participants). The Plan Administrator has no discretion to waive or otherwise modify any requirement set forth in this Section or in Section 409A.

ARTICLE V – PARTICIPANT LRP BENEFITS

5.01 Credits to a Participant's LRP Account.

(a) General . The Plan Administrator shall credit to each Participant's LRP Account the Employer Credit (if any) and the Earnings Credit at the times and in the manner specified in this Section. A Participant's LRP Account is solely a bookkeeping device to track the value of his LRP Benefit (and the Employer's liability therefor). No assets shall be reserved or segregated in connection with any LRP Account, and no LRP Account shall be insured or otherwise secured.

(b) Employer Credit Percentage . A Participant's Employer Credit Percentage (if any) shall be determined under the following subsections –

(1) For Periods From and After January 1, 2008 . For Plan Years beginning from and after January 1, 2008, unless otherwise provided in the Appendix for one or more specific Participants, a Participant's Employer Credit Percentage (if any) shall be equal to (i) 1.0% for a Participant of any level whose age is less than 40 as of the Allocation Date and (ii) the following applicable percentage for a Participant whose age is 40 or greater as of the Allocation Date –

Participant Level as of Allocation Date	Employer Credit Percentage for Participants Age 40 or Greater
Level 12	4.5%
Level 13	5.0%
Level 14	5.5%
Level 15	6.5%
Level 16	7.5%
Leadership Team (LT)	8.0%
Partners Council (PC)	9.5%

(2) For Periods Prior to January 1, 2008 . For Plan Years beginning prior to January 1, 2008, unless otherwise provided in the Appendix for one or more specific Participants, a Participant's Employer Credit Percentage (if any) shall be equal to the following –

Participant Level as of Allocation Date	Employer Credit Percentage
Level 14	5.5%
Level 15	6.5%
Level 16	7.5%
Leadership Team (LT)	8.0%
Partners Council (PC)	9.5%

The Participant shall be assigned the corresponding Employer Credit Percentage for a Plan Year based upon his level (and age) as of the Allocation Date, regardless of whether the Participant was at that level (or age) for the entire Plan Year.

(c) Employer Credit Amount .

(1) General Rules . Unless otherwise provided in the Appendix for one or more specified Participants, the Plan Administrator shall convert the Employer Credit Percentage into a dollar amount by multiplying the Employer Credit Percentage by the Participant's Base Compensation and Bonus Compensation (each as modified in paragraph (2) below) for the Plan Year, thereafter crediting the resulting product to the Participant's LRP Account. The Employer Credit shall be determined by the Plan Administrator as soon as administratively practicable after each Allocation Date and shall be credited to the Participant's LRP Account effective as of the Allocation Date. The calculation of the Employer Credit by the Plan Administrator shall be conclusive and binding on all Participants (and their Beneficiaries). A Participant shall not receive an Employer Credit for any Allocation Dates that occur after the Participant's Termination Date.

(2) Operating Rules . The following operating rules shall apply for purposes of determining a Participant's Employer Credit under this Subsection (c):

(i) The Plan Administrator shall use the Participant's annualized Base Compensation in effect on the Allocation Date (without regard to whether the Participant's Base Compensation changed during the Plan Year) in determining the Participant's Base Compensation and Bonus Compensation.

(ii) If a Participant has less than 1 full Year of Participation for the Plan Year (*e.g.*, as may apply in the Participant's first and last Plan Year of Participation), the Participant's Base Compensation and Bonus Compensation that shall be used shall be multiplied by the Participant's fractional Year of Participation for the Plan Year.

(iii) If the Participant is on an Authorized Leave of Absence or a Disability Leave of Absence when an Allocation Date occurs, and as of the Allocation Date the Participant is not treated by his Employer as having currently applicable information with respect to Base Compensation, Bonus Compensation or Participant level, then the item or items of information that is inapplicable shall be replaced with the corresponding information that was applicable to the Participant as of the day prior to the Participant going on the Authorized Leave of Absence or Disability Leave of Absence.

(iv) For those Employer Credits that are made from and after when a Participant attains age 40, a Participant shall not receive an Employer Credit under the Plan after the Participant's LRP Account has been credited with 20 full Employer Credits as an age 40 or older active Participant (*i.e.*, after 20 full Years of Participation as an age 40 or older active Participant in the Plan). For this purpose, a Participant's Years of Participation shall be the total number that is counted pursuant to the break in service rules in Article III, and fractional Years of Participation shall be aggregated into full Years of Participation. Accordingly, if a Participant has an initial fractional Year of Participation and thereafter works continuously as an Eligible Executive for at least 20 years, the Participant would have an initial fractional Year of Participation, followed by 19 full Years of Participation, and ending with a fractional Year of Participation, which when added to the initial Year of Participation results in a full Year of Participation. Employer Credits that are made before a Participant attains age 40 shall not be limited pursuant to this subparagraph.

(d) Earnings Credit .

(1) General Rules . As of each Valuation Date, the Plan Administrator shall determine a Participant's Earnings Credit for the period since the last Valuation Date by multiplying the Earnings Rate for the period since the last Valuation Date by the balance of the Participant's LRP Account as of the current Valuation Date. This Earnings Credit will be determined as soon as practicable after the applicable Valuation Date, and it shall be credited to the Participant's LRP Account effective as of such Valuation Date. If a Participant has less than 1 full Year of Participation for the Plan Year (*e.g.*, as may apply in the Participant's first and last Plan Year of participation), the Participant shall receive a pro-rated Earnings Credit for that Plan Year that shall be based upon the Participant's fractional Year of Participation for the Plan Year that was earned prior to the Valuation Date on which the pro-rated Earnings Credit will be made.

(2) Revisions to Earnings Rate . As of the end of each Plan Year, beginning with the end of the 2007 Plan Year, the Company shall analyze the current Earnings Rate to determine if the rate provides a market rate of interest. If the Earnings Rate is considered to provide a market rate of interest, then the Earnings Rate will remain the same for the following Plan Year. If the Company concludes, in its discretion, that the Earnings Rate does not provide for a market rate of interest, then the Company currently intends to establish a new Earnings Rate to provide a market rate of interest, and the Company currently intends that such new Earnings Rate will apply for the following Plan Year. The determination of a market rate of interest shall be entirely within the discretion of the Company and shall be based on such factors as the Company determines to consider (*e.g.* , the current 30-year Treasury Bond yield, the current yield on a certificate of deposit equal to the remaining time period for the average Participant to reach Retirement and the LRP Account balance for the average Participant, and such other factors as the Company shall determine in its sole discretion). The Company's determination regarding a market rate of interest is final and non-reviewable, and the Company reserves the right to revise its intent in this regard. If the Earnings Rate is revised for a Plan Year, the Company shall authorize attaching an Exhibit to this Plan document indicating the revised Earnings Rate and the Plan Year to which it applies.

5.02 Vesting Schedule.

(a) General . Upon a Separation from Service, a Participant shall only be entitled to a distribution (at the time provided in Section 5.03) of the portion (if any) of his LRP Account that has become vested and nonforfeitable at such time pursuant to the Vesting Schedule (as determined under this Section) that applies to the Participant. The portion (if any) of the Participant's LRP Account that has not become vested by the Participant's Separation from Service shall be forfeited and shall not be distributed to the Participant hereunder. The portion of the Participant's LRP Account (from time to time) that has become vested and nonforfeitable pursuant to the Participant's Vesting Schedule and this Section 5.02 shall be referred to as the Participant's "Vested LRP Account."

(b) Vesting Schedule . Unless Subsection (c) applies or unless otherwise provided in the Appendix for one or more specific Participants, a Participant's LRP Account shall become vested and nonforfeitable pursuant to this subsection.

(1) Vesting Schedule as of January 1, 2008 . Effective January 1, 2008, a Participant shall become 100% vested in his LRP Account upon attaining three (3) Years of Service. For purposes of Participants in this Plan as of December 31, 2007, this paragraph shall apply to all existing LRP Account balances as of January 1, 2008 based on the Participant's Years of Service earned both before and after January 1, 2008.

(2) Vesting Schedule before January 1, 2008 . For periods prior to January 1, 2008, a Participant's LRP Account shall become vested as follows –

(i) Upon attaining five (5) Years of Service, a Participant shall become 50% vested in his LRP Account, and

(ii) Upon attaining ten (10) Years of Service, a Participant shall become 100% vested in his LRP Account.

(c) Acceleration of Vesting . Notwithstanding Subsection (b) above, a Participant's LRP Account shall become 100% vested and nonforfeitable upon the earliest of the following to occur:

(1) The Participant's Retirement;

(2) The Participant becoming Disabled;

(3) The Participant's death; or

(4) The occurrence of a Change in Control.

5.03 Distribution of a Participant's Vested LRP Account.

The portion of the Participant's Vested LRP Account that is governed by the terms of this 409A Program shall be distributed as provided in this Section. All distributions shall be paid in cash. In no event shall any portion of a Participant's Vested LRP Account be distributed earlier or later than is allowed under Section 409A.

(a) Distribution Upon Separation from Service . Unless the provisions of subsection (b), (c), (d) or (e) apply, a Participant's Vested LRP Account shall be distributed upon a Participant's Separation from Service (other than for death) as follows:

(1) If a Participant is age 55 or older on the Participant's Separation from Service, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the last day of the calendar quarter that occurs on or immediately follows the Participant's Separation from Service.

(2) If a Participant is less than age 55 on the Participant's Separation from Service, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the last day of the calendar quarter that occurs on or immediately follows the Participant's 55 th birthday.

(3) If the Participant is classified as a Key Employee at the time of the Participant's Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then such Participant's Vested LRP Account shall not be paid, as a result of the Participant's Separation from Service, earlier than the date that is at least 6 months after the Participant's Separation from Service. This shall be implemented as follows –

(i) If the Participant is less than age 55 on the Participant's Separation from Service and the Participant is classified as a Key Employee, the distribution shall occur as provided in paragraph (2) above, or if later, the last day of the calendar quarter that occurs on or immediately follows the date that is 6 months after the Participant's Separation from Service; and

(ii) If the Participant is age 55 or older on the Participant's Separation from Service and the Participant is classified as a Key Employee, the distribution shall occur as of the last day of the calendar quarter that occurs on or immediately follows the date that is 6 months after the Participant's Separation from Service.

If the Participant's Vested LRP Account balance is zero on his Separation from Service, the Participant shall be deemed to have received a distribution on his Separation from Service equal to zero dollars and the unvested portion of his LRP Benefit shall be forfeited subject to Section 3.04.

(b) Distributions Upon Death . Notwithstanding subsection (a), (c) or (d), if a Participant dies, the Participant's Vested LRP Account shall be distributed in accordance with the following terms and conditions:

(1) Upon a Participant's death, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the last day of calendar quarter that occurs on or immediately follows the Participant's death. Amounts paid following a Participant's death shall be paid to the Participant's Beneficiary.

(2) Any claim to be paid any amounts standing to the credit of a Participant in connection with the Participant's death must be received by the Plan Administrator at least 14 days before any such amount is distributed. Any claim received thereafter is untimely, and it shall be unenforceable against the Plan, the Company, the Plan Administrator or any other party acting for one or more of them.

(c) Disability Payment Elections . If a Participant has made a valid Disability Payment Election, his Vested LRP Account shall be distributed in a single lump sum payment on the last day of the calendar quarter that occurs on or immediately follows the specific payment date selected on the Disability Payment Election.

(d) Break in Service . Subject to subsection (e), a Break in Service Participant's Vested LRP Account shall be distributed as follows:

(1) Pre-Break Subaccount . A Break in Service Participant's Pre-Break Subaccount shall be distributed in a single lump sum payment as of the last day of the calendar quarter that occurs on or immediately follows the Participant's 55 th birthday. However, if a Break in Service Participant has made a valid Break in Service Payment Election, his Pre-Break Subaccount shall be distributed in a single lump sum payment on the last day of the calendar quarter that occurs on or immediately follows the specific payment date (or if applicable, a later Separation from Service) as selected on the Break in Service Payment Election.

(2) Post-Break Subaccount . The distribution of a Break in Service Participant's Post-Break Subaccount shall be governed by the provisions of subsection (a).

(e) Involuntary Cashout . Notwithstanding subsection (a) or (d), if a Participant incurs a Separation from Service (other than for death or Disability) and the Participant's Vested LRP Benefit (together with any other deferred compensation benefits that are required to be aggregated with the LRP Benefit under Section 409A) is equal to or less than $15,000 at any time on or after such Separation from Service, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the last day of the calendar quarter on or immediately following the Participant's Separation from Service (or on or immediately following such later date that this subsection is determined to apply). However, if the Participant is classified as a Key Employee at the time of the Participant's Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then such Participant's Vested LRP Account shall be paid as of the last day of the calendar quarter on or immediately following the date that is 6 months after the Participant's Separation from Service.

(f) Actual Payment Date . An amount payable on a date specified in this Section shall be paid no later than the later of (a) the end of the calendar year in which the specified date occurs, or (b) the 15th day of the third calendar month following such specified date. In addition, the Participant (or Beneficiary) is not permitted to designate the taxable year of the payment.

5.04 Valuation.

In determining the amount of any individual distribution pursuant to Section 5.03, the Participant's LRP Account shall continue to be credited with earnings (whether positive or negative) as specified in Section 5.01(d) until the Valuation Date that is used in determining the amount of the distribution under Section 5.03. The Valuation Date to be used in valuing a distribution under Section 5.03 shall be the Valuation Date that occurs on the last day of the calendar quarter on which the payment is to be made.

5.05 FICA Taxes and LRP Account Reduction.

(a) Calculation of FICA Taxes . For each Plan Year in which a Participant's Account (or portion of the Account) vests pursuant to Section 5.02 or the Appendix, the Company shall calculate the applicable FICA taxes that are due and shall pay such FICA taxes to the applicable tax authorities as provided by Treasury Regulation Section 31.3121(v)(2)-1. The amount of the applicable FICA taxes that are the responsibility of the Participant pursuant to Code Section 3101 shall be paid from the Participant's LRP Account as provided in Subsection (b).

(b) Reduction in LRP Account Balance . Effective as of each Allocation Date in a Plan Year for which FICA taxes are paid for a Participant pursuant to Subsection (a), the Company shall withhold such FICA taxes from the Participant's LRP Account and reduce the Participant's LRP Account balance by the following amount –

(1) The amount of the applicable FICA taxes calculated by the Company that are the responsibility of the Participant pursuant to Code Section 3101 (the "FICA Amount"), plus

(2) The amount of Federal, state and local income taxes that are due on the distribution of the FICA Amount from the Participant's LRP Account, which net of its own Federal, state and local income taxes, is sufficient to enable the Company to pay the full FICA Amount from the Participant's LRP Account to the applicable tax authorities.

The amount calculated pursuant to this Subsection shall be final and binding on the Participant and shall reduce the Participant's LRP Account effective as of each applicable Allocation Date for which a FICA Amount is paid.

ARTICLE VI – PLAN ADMINISTRATION

6.01 Plan Administrator.

The Plan Administrator is responsible for the administration of the Plan. The Plan Administrator has the authority to name one or more delegates to carry out certain responsibilities hereunder, as specified in the definition of Plan Administrator. Action by the Plan Administrator may be taken in accordance with procedures that the Plan Administrator adopts from time to time or that the Company's Law Department determines are legally permissible.

6.02 Powers of the Plan Administrator.

The Plan Administrator shall administer and manage the Plan and shall have (and shall be permitted to delegate) all powers necessary to accomplish that purpose, including the power:

(a) To exercise its discretionary authority to construe, interpret, and administer this Plan;

(b) To exercise its discretionary authority to make all decisions regarding eligibility, participation and benefits, to make allocations and determinations required by this Plan, and to maintain records regarding Participants' LRP Accounts;

(c) To compute and certify to the Employer the amount and kinds of payments to Participants or their Beneficiaries, and to determine the time and manner in which such payments are to be paid;

(d) To authorize all disbursements by the Employer pursuant to this Plan;

(e) To maintain (or cause to be maintained) all the necessary records for administration of this Plan;

(f) To make and publish such rules for the regulation of this Plan as are not inconsistent with the terms hereof;

(g) To delegate to other individuals or entities from time to time the performance of any of its duties or responsibilities hereunder;

(h) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan; and

(i) To perform any other acts or make any other decisions with respect to the Plan as it deems are appropriate or necessary.

The Plan Administrator has the exclusive and discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits, to determine the amount and manner of payment of such benefits and to make any determinations that are contemplated by (or permissible under) the terms of this Plan, and its decisions on such matters shall be final and conclusive on all parties. Any such decision or determination shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (1) such discretion is not expressly granted by the Plan provisions in question, or (2) a determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or call for a determination. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the applicant is entitled to them. In the event of a review by a court, arbitrator or any other tribunal, any exercise of the Plan Administrator's discretionary authority shall not be disturbed unless it is clearly shown to be arbitrary and capricious.

6.03 Compensation, Indemnity and Liability.

The Plan Administrator shall serve without bond and without compensation for services hereunder. All expenses of the Plan and the Plan Administrator shall be paid by the Employer. To the extent deemed appropriate by the Plan Administrator, any such expense may be charged against specific Participant LRP Accounts, thereby reducing the obligation of the Employer. No member of the Plan Administrator, and no individual acting as the delegate of the Plan Administrator, shall be liable for any act or omission of any other member or individual, nor for any act or omission on his own part, excepting his own willful misconduct. The Employer shall indemnify and hold harmless each member of the Plan Administrator and any employee of the Company (or a Company affiliate, if recognized as an affiliate for this purpose by the Plan Administrator) acting as the delegate of the Plan Administrator against any and all expenses and liabilities, including reasonable legal fees and expenses, arising out of his service as the Plan Administrator (or his serving as the delegate of the Plan Administrator), excepting only expenses and liabilities arising out of his own willful misconduct.

6.04 Taxes.

If the whole or any part of any Participant' s LRP Account becomes liable for the payment of any estate, inheritance, income, employment, or other tax which the Company may be required to pay or withhold, the Company will have the full power and authority to withhold and pay such tax out of any moneys or other property in its hand for the account of the Participant. If such withholding is made from a Participant's Plan distribution (or the Participant's LRP Account), the amount of such withholding will reduce the amount of the Plan distribution (or the Participant's LRP Account). To the extent practicable, the Company will provide the Participant notice of such withholding. Prior to making any payment, the Company may require such releases or other documents from any lawful taxing authority as it shall deem necessary. In addition, to the extent required by Section 409A amounts deferred under this Plan shall be reported on the Participants' Forms W-2. Also, any amounts that become taxable hereunder shall be reported as taxable wages on a Participant's Form W-2.

6.05 Records and Reports.

The Plan Administrator shall exercise such authority and responsibility as it deems appropriate in order to comply with ERISA and government regulations issued thereunder relating to records of Participants' service and benefits, notifications to Participants; reports to, or registration with, the Internal Revenue Service; reports to the Department of Labor; and such other documents and reports as may be required by ERISA.

6.06 Rules and Procedures.

The Plan Administrator may adopt such rules and procedures as it deems necessary, desirable, or appropriate. To the extent practicable and as of any time, all rules and procedures of the Plan Administrator shall be uniformly and consistently applied to Participants in the same circumstances. When making a determination or calculation, the Plan Administrator shall be entitled to rely upon information furnished by a Participant or Beneficiary and the legal counsel of the Plan Administrator or the Company.

6.07 Applications and Forms.

The Plan Administrator may require a Participant or Beneficiary to complete and file with the Plan Administrator an application for a distribution and any other forms (or other methods for receiving information) approved by the Plan Administrator, and to furnish all pertinent information requested by the Plan Administrator. The Plan Administrator may rely upon all such information so furnished it, including the Participant's or Beneficiary's current mailing address, age and marital status.

6.08 Conformance with Section 409A.

At all times during each Plan Year, this Plan shall be operated (i) in accordance with the requirements of Section 409A, and (ii) to preserve the status of benefits under the Pre-409A Program as being exempt from Section 409A, *i.e.*, to preserve the grandfathered status of the Pre-409A Program. In all cases, the provisions of this Section shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section.

ARTICLE VII – CLAIMS PROCEDURES

7.01 Claims for Benefits.

If a Participant, Beneficiary or other person (hereafter, "Claimant") does not receive timely payment of any benefits which he believes are due and payable under the Plan, he may make a claim for benefits to the Plan Administrator. The claim for benefits must be in writing and addressed to the Plan Administrator. If the claim for benefits is denied, the Plan Administrator shall notify the Claimant in writing within 90 days after the Plan Administrator initially received the benefit claim. However, if special circumstances require an extension of time for processing the claim, the Plan Administrator shall furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period and such extension may not exceed one additional, consecutive 90-day period. Any notice of extension shall indicate the reasons for the extension and the date by which the Plan Administrator expects to make a determination. Any notice of a denial of benefits shall be in writing and drafted in a manner calculated to be understood by the Claimant and shall advise the Claimant of the basis for the denial, any additional material or information necessary for the Claimant to perfect his claim, and the steps which the Claimant must take to have his claim for benefits reviewed on appeal.

7.02 Appeals.

Each Claimant whose claim for benefits has been denied may file a written request for a review of his claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he received the written notice denying his claim. Upon review, the Plan Administrator shall provide the Claimant a full and fair review of the claim, including the opportunity to submit written comments, documents, records and other information relevant to the claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether they were submitted or considered at the initial determination. The decision of the Plan Administrator shall be made within 60 days after receipt of a request for review and will be communicated in writing and in a manner calculated to be understood by the Claimant. Such written notice shall set forth the basis for the Plan Administrator's decision. If there are special circumstances which require an extension of time for completing the review, the Plan Administrator shall furnish notice of the extension to the Claimant prior to the termination of the initial 60-day period and such extension may not exceed one additional, consecutive 60-day period. Any notice of extension shall indicate the reasons for the extension and the date by which the Plan Administrator expects to make a determination.

7.03 Special Claims Procedures for Disability Determinations.

Notwithstanding Sections 7.01 and 7.02, if the claim or appeal of the Claimant relates to benefits while a Participant is disabled, such claim or appeal shall be processed pursuant to the applicable provisions of Department of Labor Regulation Section 2560.503-1 relating to disability benefits, including Sections 2560.503-1(d), 2560.503-1(f)(3), 2560.503-1(h)(4) and 2560.503-1(i)(3). These provisions include the following:

(a) If the Plan Administrator wholly or partially denies a Claimant's claim for disability benefits, the Plan Administrator shall provide the Claimant, within a 45-day response period following the receipt of the claim by the Plan Administrator, a comprehensible written notice setting forth (1) the basis for the denial, (2) any additional material or information necessary for the Claimant to perfect his claim, and (3) the steps which the Claimant must take to have his claim for benefits reviewed on appeal. If, for reasons beyond the control of the Plan Administrator, an extension of time is required for processing the claim, the Plan Administrator will send a written notice of the extension, an explanation of the circumstances requiring extension and the expected date of the decision before the end of the 45-day period. The Plan Administrator may only extend the 45-day period twice, each in 30-day increments. If at any time the Plan Administrator requires additional information in order to determine the claim, the Plan Administrator shall send a written notice explaining the unresolved issues that prevent a decision on the claim and a listing of the additional information needed to resolve those issues. The Claimant will have 45 days from the receipt of that notice to provide the additional information, and during the time that a request for information is outstanding, the running of the time period in which the Plan Administrator must decide the claim will be suspended.

(b) If the Plan Administrator denies all or part of a claim, further review of the claim is available upon written request by the Claimant to the Plan Administrator within 180 days after receipt by the Claimant of written notice of the denial. Upon review, the Plan Administrator shall provide the Claimant a full and fair review of the claim, including the opportunity to submit written comments, documents, records and other information relevant to the claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision on review shall be made within 45 days after receipt of the request for review, unless circumstances beyond the control of the Plan Administrator warrant an extension of time not to exceed an additional 45 days. If this occurs, written notice of the extension will be furnished to the Claimant before the end of the initial 45-day period, indicating the special circumstances requiring the extension and the date by which the Plan Administrator expects to make the final decision. The final decision shall be in writing and drafted in a manner calculated to be understood by the Claimant, and shall include the specific reasons for the decision with references to the specific Plan provisions on which the decision is based.

7.04 Exhaustion of Claims Procedures.

Before filing any claim or action in court or in another tribunal, the Executive, former Executive, Participant, former Participant, Spouse, former Spouse or other individual, person, entity, representative, or group of one or more of the foregoing (collectively, a "Claimant") must first fully exhaust all of the Claimant's actual or potential rights under the claims procedures of Sections 7.01, 7.02 and 7.03, including such rights as the Plan Administrator may choose to provide in connection with novel claims, disputes or issues or in particular situations. For purposes of the prior sentence, any Claimant that has any claim, dispute, issue or matter that implicates in whole or in part –

(a) The interpretation of the Plan,

(b) The interpretation of any term or condition of the Plan,

(c) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law,

(d) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect,

(e) Whether the Plan or any term or condition under the Plan satisfies any applicable law, or

(f) Any claim, issue or matter deemed similar to any of the foregoing by the Plan Administrator

(or two or more of these) shall not be considered to have satisfied the exhaustion requirement of this Section unless the Claimant first submits the claim, dispute, issue or matter to the Plan Administrator to be processed pursuant to the claims procedures of Sections 7.01, 7.02 and 7.03 or to be otherwise considered by the Plan Administrator, and regardless of whether claims, disputes, issues or matters that are not listed above are of greater significance or relevance. The exhaustion requirement of this Section shall apply even if the Plan Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such claim, dispute, issue or matter, and in which case the Plan Administrator (upon notice of the claim, dispute, issue or matter) shall either promptly establish such claims procedures or shall apply (or act by analogy to) the claims procedures of Sections 7.01, 7.02 and 7.03 that apply to claims for benefits. Upon review by any court or other tribunal, this exhaustion requirement is intended to be interpreted to require exhaustion in as many circumstances as possible (and any steps necessary to effect this intent should be taken).

7.05 Limitations on Actions.

Effective from and after January 1, 2008, any claim or action filed in state or Federal court (or any other tribunal) by or on behalf of a Claimant (as defined in Section 7.04) with respect to this Plan must be brought within the applicable timeframe that relates to the claim or action, listed as follows:

(a) Any claim or action relating to the alleged wrongful denial of Plan benefits must be brought within two years of the earlier of the date that the Claimant received the payment of the Plan benefits that are the subject of the claim or action or the date that the Claimant has received his calculation of Plan benefits that are the subject of the claim or action; and

(b) Any other claim or action not covered by subsection (a) above (including a claim or action relating to an alleged interference or violation of ERISA-protected rights), must be brought within two years of the date when the Claimant has actual or constructive knowledge of the acts that are alleged to give rise to the claim or action.

Failure to bring any such claim or action within the aforementioned timeframes shall mean that such claim or action is null and void and of no effect. Correspondence or other communications (including the mandatory claims procedures in this Article VII) by the Company, an Employer, the Plan Administrator or any other person or entity related or affiliated with the YUM! Organization shall have no effect on the above timeframes.

ARTICLE VIII – AMENDMENT AND TERMINATION

8.01 Amendment to the Plan.

The Company, or its delegate, has the right in its sole discretion to amend this Plan in whole or in part at any time and in any manner, including the terms and conditions of LRP Benefits, the terms on which distributions are made, and the form and timing of distributions. However, except for mere clarifying amendments necessary to avoid an inappropriate windfall, no Plan amendment shall reduce the balance of a Participant's Vested LRP Account as of the date such amendment is adopted. In addition, the Company shall have the limited right to amend the Plan at any time, retroactively or otherwise, in such respects and to such extent as may be necessary to fully qualify it under existing and applicable laws and regulations, and if and to the extent necessary to accomplish such purpose, may by such amendment decrease or otherwise affect benefits to which Participants may have already become entitled, notwithstanding any provision herein to the contrary.

The Company's right to amend the Plan shall not be affected or limited in any way by a Participant's Retirement or other Separation from Service. In addition, the Company's right to amend the Plan shall not be affected or limited in any way by a Participant's death or Disability. Prior practices by the Company or an Employer shall not diminish in any way the rights granted the Company under this Section. Also, it is expressly permissible for an amendment to affect less than all of the Participants covered by the Plan.

Any amendment shall be in writing and adopted by the Company or by any officer of the Company who has authority or who has been granted or delegated the authority to amend this Plan. An amendment or restatement of this Plan shall not affect the validity or scope of any grant or delegation of such authority, which shall instead be solely determined based upon the terms of the grant or delegation (as determined under applicable law). All Participants and Beneficiaries shall be bound by such amendment.

Any amendments made to the Plan shall be subject to any restrictions on amendment that are applicable to ensure continued compliance under Section 409A.

8.02 Termination of the Plan.

The Company expects to continue this Plan, but does not obligate itself to do so. The Company reserves the right to discontinue and terminate the Plan at any time, in whole or in part, for any reason (including a change, or an impending change, in the tax laws of the United States or any state). Such termination shall be in writing and adopted by the Company or by any officer of the Company who has authority or who has been granted or delegated the authority to terminate this Plan. An amendment or restatement of this Plan shall not affect the validity or scope of any grant or delegation of such authority, which shall instead be solely determined based upon the terms of the grant or delegation (as determined under applicable law).

Termination of the Plan shall be binding on all Participants (and a partial termination shall be binding upon all affected Participants), but in no event may such termination reduce the balance of a Participant's Vested LRP Account at the time of the termination. If this Plan is terminated (in whole or in part), the affected Participants' Vested LRP Accounts may either be paid in a single lump sum immediately, or distributed in some other manner consistent with this Plan, as provided by the Plan termination resolution. The Company's rights under this Section shall be no less than its rights under Section 8.01. Thus, for example, the Company may amend the Plan pursuant to the third sentence of Section 8.01 in conjunction with the termination of the Plan, and such amendment will not violate the prohibition on reducing a Participant's Vested LRP Account under this Section 8.02. This Section is subject to the same restrictions related to compliance with Section 409A that apply to Section 8.01.

ARTICLE IX – MISCELLANEOUS

9.01 Limitation on Participant Rights.

Participation in this Plan does not give any Participant the right to be retained in the Employer's or Company's employ (or any right or interest in this Plan or any assets of the Company or Employer other than as herein provided). The Company and Employer reserve the right to terminate the employment of any Participant without any liability for any claim against the Company or Employer under this Plan, except for a claim for payment of benefits as provided herein.

9.02 Unfunded Obligation of Individual Employer.

The benefits provided by this Plan are unfunded. All amounts payable under this Plan to Participants are paid from the general assets of the Participant's individual Employer. Nothing contained in this Plan requires the Company or Employer to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. Neither a Participant, Beneficiary, nor any other person shall have any property interest, legal or equitable, in any specific Employer asset. This Plan creates only a contractual obligation on the part of a Participant's individual Employer, and the Participant has the status of a general unsecured creditor of his Employer with respect to benefits granted hereunder. Such a Participant shall not have any preference or priority over, the rights of any other unsecured general creditor of the Employer. No other Employer guarantees or shares such obligation, and no other Employer shall have any liability to the Participant or his Beneficiary. In the event a Participant transfers from the employment of one Employer to another, the former Employer shall transfer the liability for benefits made while the Participant was employed by that Employer to the new Employer (and the books of both Employers shall be adjusted appropriately).

9.03 Other Benefit Plans.

This Plan shall not affect the right of any Eligible Executive or Participant to participate in and receive benefits under and in accordance with the provisions of any other employee benefit plans which are now or hereafter maintained by any Employer, unless the terms of such other employee benefit plan or plans specifically provide otherwise or it would cause such other plan to violate a requirement for tax-favored treatment.

9.04 Receipt or Release.

Any payment to a Participant or Beneficiary in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Plan Administrator, the Employer and the Company, and the Plan Administrator may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

9.05 Governing Law.

This Plan shall be construed, administered, and governed in all respects in accordance with ERISA and, to the extent not preempted by ERISA, in accordance with the laws of the State of Kentucky. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

9.06 Adoption of Plan by Related Employers.

The Plan Administrator may select as an Employer any division of the Company, as well as any member of the YUM! Organization, and permit or cause such division or organization to adopt the Plan. The selection by the Plan Administrator shall govern the effective date of the adoption of the Plan by such related Employer. The requirements for Plan adoption are entirely within the discretion of the Plan Administrator and, in any case where the status of an entity as an Employer is at issue, the determination of the Plan Administrator shall be absolutely conclusive.

9.07 Rules of Construction.

The provisions of this Plan shall be construed according to the following rules:

(a) Gender and Number . Whenever the context so indicates, the singular or plural number and the masculine, feminine, or neuter gender shall be deemed to include the other.

(b) Examples . Whenever an example is provided or the text uses the term “including” followed by a specific item or items, or there is a passage having a similar effect, such passage of the Plan shall be construed as if the phrase “without limitation” followed such example or term (or otherwise applied to such passage in a manner that avoids limitation on its breadth of application).

(c) Compounds of the Word “Here” . The words "hereof", “herein”, "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or section.

(d) Effect of Specific References . Specific references in the Plan to the Plan Administrator’s discretion shall create no inference that the Plan Administrator’s discretion in any other respect, or in connection with any other provisions, is less complete or broad.

(e) Subdivisions of the Plan Document . This Plan document is divided and subdivided using the following progression: articles, sections, subsections, paragraphs, subparagraphs and clauses. Articles are designated by capital roman numerals. Sections are designated by Arabic numerals containing a decimal point. Subsections are designated by lower-case letters in parentheses. Paragraphs are designated by Arabic numbers in parentheses. Subparagraphs are designated by lower-case roman numerals in parenthesis. Clauses are designated by upper-case letters in parentheses. Any reference in a section to a subsection (with no accompanying section reference) shall be read as a reference to the subsection with the specified designation contained in that same section. A similar reading shall apply with respect to paragraph references within a subsection and subparagraph references within a paragraph.

(f) Invalid Provisions . If any provision of this Plan is, or is hereafter declared to be void, voidable, invalid or otherwise unlawful, the remainder of the Plan shall not be affected thereby.

9.08 Successors and Assigns; Nonalienation of Benefits.

This Plan inures to the benefit of and is binding upon the parties hereto and their successors, heirs and assigns; provided, however, that the amounts credited to the LRP Account of a Participant are not (except as provided in Sections 5.05 and 6.04) subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to any benefits payable hereunder, including, without limitation, any assignment or alienation in connection with a separation, divorce, child support or similar arrangement, will be null and void and not binding on the Plan or the Company or any Employer. Notwithstanding the foregoing, the Plan Administrator reserves the right to make payments in accordance with a divorce decree, judgment or other court order as and when cash payments are made in accordance with the terms of this Plan from the Vested LRP Account of a Participant. Any such payment shall be charged against and reduce the Participant's Account.

9.09 Facility of Payment.

Whenever, in the Plan Administrator's opinion, a Participant or Beneficiary entitled to receive any payment hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Plan Administrator may direct the Employer to make payments to such person or to the legal representative of such person for his benefit, or to apply the payment for the benefit of such person in such manner as the Plan Administrator considers advisable. Any payment in accordance with the provisions of this Section shall be a complete discharge of any liability for the making of such payment to the Participant or Beneficiary under the Plan.

ARTICLE X – SIGNATURE

IN WITNESS WHEREOF, this 409A Program is hereby amended and restated by the Company's duly authorized officer to be effective as provided herein.

YUM! BRANDS, INC.

By: _____
Anne Byerlein, Chief People Officer

_____
Signature Date

APPENDIX

This Appendix modifies particular terms of this Plan document as it may apply to certain groups and situations. Except as specifically modified in this Appendix, the foregoing main provisions of this Plan document shall fully apply in determining the rights and benefits of Participants. In the event of a conflict between this Appendix and the foregoing main provisions of this Plan document, the Appendix shall govern.

APPENDIX ARTICLE A – LRP BENEFITS FOR CERTAIN PARTICIPANTS

A.01 Scope.

This Article A provides special rules that relate to certain Participants in the Plan. This Article A applies only to the following Class I Appendix Participants and Class II Appendix Participants listed as follows –

(a) Class I Appendix Participants are Scott Bergren, Clyde Leff, Micky Pant, Robert Lauber, Michael Liewen and effective as of May 7, 2007, Albert Baladi; and

(b) Class II Appendix Participants are Brian Niccol, Angelia Pelham, Misty Reich, Patrick Grismer, Douglas Hasselo and William Pearce.

A.02 Allocation Date for Class I Appendix Participants.

(a) From and After January 1, 2007 . Beginning from and after January 1, 2007, the Allocation Date listed in Article II shall apply to each Class I Appendix Participant.

(b) Plan Years Prior to January 1, 2007 . Except as provided in Subsection (c) below, for Plan Years prior to January 1, 2007, the Allocation Date for a Class I Appendix Participant shall be each anniversary of a Class I Appendix Participant's date of hire by his Employer beginning with the first anniversary that is one (1) year after his date of hire. A Class I Appendix Participant shall also have an Allocation Date on his Termination Date.

(c) Transition Rules for 2006 . For the 2006 Plan Year, each Class I Appendix Participant shall have two (2) Allocation Dates during the 2006 Plan Year. The first Allocation Date shall be as provided in Subsection (b) above. The second Allocation Date shall be as of the last business day of the 2006 Plan Year. In determining the Employer Credit amount for each Allocation Date during 2006, the Plan Administrator shall use the Class I Appendix Participant's annualized Base Compensation in effect on each Allocation Date (and shall not prorate the compensation if the Class I Appendix Participant received an increase in Base Compensation during the applicable period). In addition, for the second Allocation Date (which shall be on the last business day of the 2006 Plan Year) the Class I Appendix Participant's Base Compensation that shall be used shall be equal to the Class I Appendix Participant's annualized Base Compensation in effect on the second Allocation Date multiplied by the Class I Appendix Participant's fractional Year of Participation earned from the period beginning from the first Allocation Date and ending on the second Allocation Date.

A.03 Employer Credit for Class I Appendix Participants.

(a) Employer Credit Percentage . In lieu of the Employer Credit Percentage under Section 5.01(b), a Class I Appendix Participant's Employer Credit Percentage (and his "Maximum Years of Employer Credits" in Subsection (b)(2)(vi) below) shall be equal to the following –

Class I Appendix Participant	Employer Credit Percentage	Maximum Years of Employer Credits
Albert Baladi	21.5%	No maximum
Scott Bergren	28%	No maximum
Clyde Leff	20%	9
Micky Pant	20%	No maximum
Robert Lauber	16%	20
Michael Liewen	20%	12

The Employer Credit Percentage listed above shall remain the same during the Class I Appendix Participant's participation in the Plan and shall not change due to a change in his employment level or age.

(b) Employer Credit Amount .

(1) General Rule . In lieu of the provisions under Section 5.01(c), a Class I Appendix Participant's Employer Credit shall be determined by the Plan Administrator by converting the Employer Credit Percentage into a dollar amount by multiplying the Employer Credit Percentage by the Class I Appendix Participant's Base Compensation (as modified in paragraph (2) below), thereafter crediting the resulting product to the Class I Appendix Participant's LRP Account. However, notwithstanding the foregoing, effective from and after January 1, 2008 the Employer Credit for Scott Bergren, Mickey Pant and Albert Baladi shall be determined by multiplying their respective Employer Credit Percentages by their Base Compensation and Bonus Compensation (as modified in paragraph (2) below), and thereafter crediting the resulting product to their respective LRP Accounts. The Employer Credit shall be determined by the Plan Administrator as soon as administratively practicable after each Allocation Date and shall be credited to the Class I Appendix Participant's LRP Account effective as of the Allocation Date. The calculation of the Employer Credit by the Plan Administrator shall be conclusive and binding on all Class I Appendix Participants (and their Beneficiaries).

(2) Operating Rules . The following operating rules shall apply for purposes of determining a Class I Appendix Participant's Employer Credit under this Subsection (b):

(i) The Plan Administrator shall use the Class I Appendix Participant's annualized Base Compensation in effect on the Allocation Date (and shall not prorate the compensation if the Class I Appendix Participant received an increase in Base Compensation during the applicable period).

(ii) If a Class I Appendix Participant has less than one (1) Year of Participation measured from the last Allocation Date for which the Class I Appendix Participant received an Employer Credit to the current Allocation Date (*e.g.*, as may apply upon the Class I Appendix Participant's Termination Date), the Class I Appendix Participant's Base Compensation that shall be used shall be equal to the Class I Appendix Participant's annualized Base Compensation multiplied by the Class I Appendix Participant's fractional Year of Participation for such period.

(iii) If applicable, the transition rules in Section A.02 for the 2006 Plan Year shall apply.

(iv) The rules of Section 5.01(c)(2)(iii) shall apply (*i.e.*, the rules on Employer Credits during an Authorized Leave of Absence); provided, however, an Employer Credit for a Class I Appendix Participant shall only be based on his Base Compensation (or his Base Compensation and Bonus Compensation for Scott Bergren, Mickey Pant and Albert Baladi).

(v) Notwithstanding anything in the Plan or the Appendix to the contrary, a Class I Appendix Participant shall not receive an Employer Credit using his applicable Bonus Compensation; provided however this subparagraph shall not apply to Scott Bergren, Mickey Pant and Albert Baladi.

(vi) A Class I Appendix Participant shall not receive an Employer Credit under the Plan after the Class I Appendix Participant's LRP Account has been credited with the "Maximum Years of Employer Credits" listed in the chart in Subsection (a) above (*i.e.*, after the applicable number of full Years of Participation as an active Participant in the Plan). For this purpose, all of a Class I Appendix Participant's Years of Participation shall be counted (including Years of Participation before a break in service), and fractional Years of Participation shall be aggregated into full Years of Participation. However, if a Class I Appendix Participant has "no maximum" listed in the chart in Subsection (a) above, then the provisions of this subparagraph shall not apply to such Class I Appendix Participant.

A.04 Special Interim Earnings Rate for Class I Appendix Participants.

Notwithstanding Section 2.11(b), the Earnings Rate for Class I Appendix Participants for the period prior to January 1, 2007 shall be the Earnings Rate provided in Section 2.11(a) (*i.e.*, 6% per annum). Beginning from and after January 1, 2007, the Earnings Rate for Class I Appendix Participants shall be as provided in Section 2.11(b) (*i.e.*, 5% per annum), subject to adjustment in Section 5.01(d).

A.05 Vesting for Class I Appendix Participants.

In lieu of Section 5.02(b), a Class I Appendix Participant's LRP Account shall become vested and nonforfeitable as follows:

(a) For Scott Bergren, his LRP Account shall become vested and nonforfeitable as follows:

Years of Service	Vested Percentage
1	0%
2	25%
3	50%
4	75%
5	100%

(b) For all Class I Appendix Participants other than Scott Bergren, their LRP Accounts shall become 100% vested and nonforfeitable after five (5) Years of Service.

(c) Effective January 1, 2008, all Class I Appendix Participants shall become 100% vested in his LRP Account upon attaining three (3) Years of Service. For purposes of Class I Appendix Participants in this Plan as of December 31, 2007, this paragraph shall apply to all existing LRP Account balances as of January 1, 2008 based on the Class I Appendix Participant's Years of Service earned both before and after January 1, 2008.

A.06 Initial Eligibility Date for Class II Appendix Participants.

Each Class II Appendix Participant's initial eligibility date under Section 3.02(b) shall be July 1, 2006.

A.07 Employer Credit Percentage for Class II Appendix Participants.

In lieu of the Employer Credit Percentage under Section 5.01(b), a Class II Appendix Participant's Employer Credit Percentage shall be equal to the following –

Class II Appendix Participant Level as of Allocation Date	Employer Credit Percentage
Level 14	7.0%
Level 15	8.0%
Level 16	9.0%
Leadership Team (LT)	9.5%
Partner Counsel (PC)	11.5%

The Employer Credit Percentage listed above shall be used for all Allocation Dates for a Class II Appendix Participant that occur while the Class II Appendix Participant is earning Years of Service under the Plan that is prior to a break in service. The Class II Appendix Participant shall be assigned the corresponding Employer Credit Percentage for a Plan Year based upon his level status as of the Allocation Date, regardless of whether the Class II Appendix Participant was at that level for the entire Plan Year. The amount of the Employer Credit shall then be calculated under the provisions of Section 5.01(c).

2009

Yum! Performance Share Plan Summary

March 27, 2009

Eligibility

You are eligible to earn an award under the Yum! Performance Share Plan (the "Plan") if you are the Chief Executive Officer, Chief Financial Officer, or Brand President, as determined by the committee administering the Program.

Introduction

As a participant in the Plan, you will be granted Units which will represent shares of Yum! common stock. You will receive a share of Yum! stock for each Unit at the end of the three calendar year Performance Period (2009-2011), provided that the total number of shares you receive will be adjusted up or down depending on the Compound Annual Growth Rate during the Performance Period, and adjusted for dividends paid on Yum! shares during the Performance Period, as described below.

Grant of Units

At the beginning of the Performance Period, you will receive a grant with a face value equal to 33% of your target bonus for the first year of the Performance Period. This face value will be divided by the closing price of a share of Yum! stock on March 27, 2009, the date the Program was established, to determine the number of units granted.

Dividends

As Yum! dividends are declared during the Performance Period, you will be granted additional Units. The number of Units allocated to you for that Performance Period will be increased by the number of units equal to the dividend amount that would be payable with respect to the number of shares of Stock equal to the number of Units allocated to the Participant on the dividend record date divided by the Fair Market Value of a share of Stock on the date of payment of the dividend.

Earned Units

As soon as practicable after the end of the Performance Period, you will receive shares of Yum! stock equal to the number of Units you were granted at the beginning of the Performance Period, plus the additional Units attributable to the dividends paid during the Performance Period, multiplied by the Performance Multiplier for the Performance Period.

The Performance Multiplier will be based on Yum!'s Compound Annual Growth Rate for the Performance Period, determined in accordance with the following schedule:

If the Compound Annual Growth Rate for EPS for the Performance Period is:	The Performance Multiplier will be:
Less than 7% per year	0%
At least 7% but less than 8.5%	50%
At least 8.5% but less than 10%	75%
At least 10% but less than 11.5%	100%
At least 11.5% but less than 13%	125%
At least 13% but less than 14.5%	150%
At least 14.5% but less than 16%	175%
Greater than 16%	200%

EPS is defined in the appendix.

Employment Termination during Performance Period

If your employment terminates before the last day of the Performance Period, you will forfeit all Units granted to you for that Performance Period, subject to the following:

Retirement or Disability

If your employment terminates during the Performance Period by reason of your retirement or disability before the end of the Performance Period, then, for each Performance Period that ends after your employment terminates, you will receive the number of shares of Yum! stock that you would have received for that Performance Period, determined as though your employment termination did not occur during the Performance Period (and based on the actual performance for the entire Performance Period), subject to a pro rata reduction to reflect the portion of the applicable Performance Period after your termination date. The distribution for each Performance Period will be made at the same time distribution would have been made if your employment had continued through the end of the Performance Period.

Death

If your employment ends before the end of the Performance Period by reason of your death, your estate will receive a distribution of shares of Yum! stock for all Performance Periods that have not ended at the time of your employment termination, with distribution to be made at the same time distribution would have been made with respect to the Performance Period that ends on the last day of the year in which your employment terminates. The distribution will include:

- The shares of Yum! stock earned for the Performance Period that ends on the last day of the year in which the employment termination occurs, based on the actual performance for the entire Performance Period.
- The shares of Yum! stock that you would have received for Performance Periods that end after the last day of the year in which your employment termination occurs for each of those Performance Periods, determined as though the target level of performance had been achieved for each such Performance Period.

However, the number of shares distributable to your estate after your death will be subject to a pro rata reduction to reflect the portion of the respective Performance Period after the Date of Termination.

Deferred Distribution

You may elect, not later than June 20, 2009, to defer distribution with respect to Units in accordance with the Executive Income Deferral Program ("EID"), subject to the terms of that plan. During the period of such deferral and prior to distribution, deferred amounts will be deemed to be invested in shares of Yum! stock in accordance with the terms of the EID. Units earned by you for the Performance Period, and which you have deferred under the EID, will be vested and nonforfeitable on and after the date they have been earned (as described above) for the Performance Period.

If your employment terminates by reason of your retirement, disability, or death and you have elected to defer distribution of the shares under the EID, distribution will be made in accordance with the applicable terms of the EID.

Miscellaneous

- If you have questions about the Plan, contact Mark Lagestee at 502-874-8184.

- The awards granted under the Plan are granted pursuant to and subject to the terms of the Yum! Brands, Inc. Performance Share Plan Summary. Capitalized terms used herein but not otherwise defined shall have the meaning given to such terms under that document.

- The number of Units and the manner of determining the Performance Multiplier may be adjusted to reflect acquisitions, re-franchising, and extraordinary or unplanned events that occur during the Performance Period.

- Yum! reserves the sole discretionary right to modify, amend, or terminate the Program at any time. Yum! retains the sole and exclusive authority to construe and interpret the Program, decide all questions of fact and questions or eligibility and determine the amount, manner and time of payment of any Award, which shall be final and binding.

- This Summary is not a contract. It does not confer any employment rights nor does it give any employee or former employee any rights to continued employment.

- If the number of shares delivered to a participant under the Plan is based on attainment of a level of objective performance goals that is later determined to have been inaccurate, such inaccuracy was caused by misconduct by an employee of Yum! or one of its subsidiaries, and as a result the number of shares delivered to a participant (or that would have been delivered in the absence of an election to defer distribution) is greater than it should have been, then:

(1) The participant (regardless of whether then employed) whose misconduct caused the inaccuracy will be required to repay the excess.

(2) The Compensation Committee of the Board of Directors may require an active or former participant (regardless of whether then employed) to repay the excess previously received by that participant if the Committee concludes that the repayment is necessary to prevent the participant from unfairly benefiting from the inaccuracy. However, repayment under this paragraph (2) shall apply to an active or former participant only if the Committee reasonably determines that, prior to the time such shares were paid (or, if payment of the shares is electively deferred by the participant, at the time the shares would have been paid in the absence of the deferral), such participant knew or should have known that the share amount was greater than it should have been by reason of the inaccuracy. Further, the amount to be repaid by the participant may not be greater than the excess of (i) the shares paid to the participant over (ii) the shares that would have been paid to a participant in the absence of the inaccuracy, provided that, in determining the amount under this clause (ii), the Committee may take into account only the inaccuracy of which the participant knew or should have known, and which the participant knew or should have known was caused by misconduct.

(3) The committee may also adjust a participant's future compensation in consideration of the above-described adjustment, and Yum! and its subsidiaries may set off against the amount of any such gain any amount owed to the participant. For this purpose, the term "misconduct" means fraudulent or illegal conduct or omission that is knowing or intentional. The foregoing provisions do not apply to reductions in shares delivered under this Plan made after a Change in Control (as defined in the Long Term Incentive Plan).

- The Plan is voluntary, and you have chosen to participate in the Plan. You understand that all amounts paid under the Plan are paid as an advance that is contingent on the accuracy of the measures used to determine attainment of the level of objective performance goals. If the amount advanced to you under the Plan is determined to have been greater than it should have been as a result of such measures having been determined to be inaccurate, you agree to repay any excess amounts to Yum! or its subsidiaries if Yum! or a subsidiary requests repayment. *If a participant does not wish to participate in the Plan, including all the conditions specified, the participant must notify Anne Byerlein on or before April 3, 2009.*

APPENDIX

Earnings Per Share : For purposes of determining the award available to any participant for the performance period, operating earnings per share shall mean Yum!'s earnings per share for each fiscal year during the performance period before special items which are believed to be distortive of Yum!'s consolidated results on a year over year basis and adjusted to account for any change during any fiscal year during the performance period in corporate capitalization, such as a stock split, reverse stock split, or stock dividend, any corporate transaction such as a reorganization, reclassification, merger or consolidation or separation, including spin-off, of the Company or any events that are unusual in nature or infrequent in occurrence.

Acknowledgement of Independent Registered Public Accounting Firm

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

We hereby acknowledge our awareness of the use of our report dated July 21, 2009, included within the Quarterly Report on Form 10-Q of YUM! Brands, Inc. for the twelve and twenty-four weeks ended
June 13, 2009, and incorporated by reference in the following Registration Statements:

Description	**Registration Statement Number**
Form S-3 and S-3/A	
Debt Securities	333-133097
YUM! Direct Stock Purchase Program	333-46242
$2,000,000,000 Debt Securities	333-42969
Form S-8s	
YUM! Restaurants Puerto Rico, Inc. Save-Up Plan	333-85069
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
July 21, 2009

Exhibit 31.1

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: July 21, 2009

/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: July 21, 2009

/s/ Richard T. Carucci
Chief Financial Officer

Exhibit 32.1

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 June 13, 2009, 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: July 21, 2009

/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.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of YUM! Brands, Inc. (the "Company") on Form 10-Q for the quarter ended June 13, 2009, 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: July 21, 2009

/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.