
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

April 12, 2017

Commission file number 1-13163

YUM! BRANDS, INC.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of
incorporation or organization)

13-3951308

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

1441 Gardiner Lane, Louisville, Kentucky

(Address of principal executive offices)

40213

(Zip Code)

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

Former name or former address, if changed since last report: N/A

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition

As previously disclosed, effective with the beginning of fiscal 2017 YUM changed its fiscal year from a year ending on the last Saturday of December to a year beginning on January 1 and ending December 31 of each year. Because the new 2017 fiscal year commenced with the end of our 2016 fiscal year ended December 31, 2016, there was no transition period in connection with the change in the fiscal year.

In connection with the new fiscal year, the Company has moved from a 52-week periodic fiscal calendar with three 12-week interim quarters and a 16-week fourth quarter that requires adding a 53rd week every five or six years, to a monthly reporting calendar with each quarter comprised of three months. Our U.S. subsidiaries will continue to report fiscal calendars ending in late December that include three 12-week interim quarters and a 16-week fourth quarter in fiscal years with 52 weeks and a 17-week fourth quarter in fiscal years with 53 weeks. Our next fiscal year with 53 weeks will occur in 2019.

The change in the Company's fiscal year was made primarily to accommodate the removal of reporting lags from our international subsidiary fiscal calendars, which will significantly improve the alignment of our global reporting calendars. As a result of removing these reporting lags each international subsidiary will now operate either on a monthly calendar consistent with the Company's new calendar or on a periodic calendar consistent with the calendars of our U.S. subsidiaries. We have not restated amounts to reflect any calendar shift for the financial results of our China business prior to its separation into an independent, publicly-traded company on October 31, 2016 which have been reflected in Discontinued Operations.

As a result of this change we are required to restate our financial results for the historic periods presented. This Form 8-K provides a summary of certain consolidated and segment financial results for 2016 and 2015 restated as if they had been reported under our new calendar.

Additionally, these restated results reflect the impact of Accounting Standards Update No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post retirement Benefit Cost*, which we adopted in the first quarter of 2017 on a retrospective basis. For 2016, the adoption of this standard had no effect on previously reported Net Income but resulted in the reclassification of non-service cost components of pension and post-retirement benefit expense of \$32 million from General and administrative expenses to Other pension income (expense). This amount comprised a \$3 million credit allocated to our Brand Divisions and a \$35 million charge that was not allocated to any of our segment operating results (of which \$26 million was classified within Special Items). This restated information is attached hereto as Exhibit 99.1, which is being furnished pursuant to Item 2.02, Results of Operation and Financial Condition.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

99.1 Restated Consolidated and Segment Financial Results

SIGNATURE

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

YUM! BRANDS, INC.

(Registrant)

Date: April 12, 2017

/s/ David E. Russell

Senior Vice President, Finance and Corporate
Controller

YUM! Brands, Inc.
Recast Consolidated Summary of Results
(amounts in millions)
(unaudited)

	2016					2015
	Quarter Ended March 31	Quarter Ended June 30	Quarter Ended September 30	Quarter Ended December 31	Year Ended December 31	Year Ended December 31
Revenues						
Company sales	\$ 953	\$ 1,006	\$ 992	\$ 1,238	\$ 4,189	\$ 4,336
Franchise and license fees and income	490	503	526	648	2,167	2,082
Total revenues	1,443	1,509	1,518	1,886	6,356	6,418
Costs and Expenses, Net						
Company restaurant expenses						
Food and paper	287	307	303	370	1,267	1,340
Payroll and employee benefits	257	263	260	326	1,106	1,125
Occupancy and other operating expenses	261	269	268	318	1,116	1,162
Company restaurant expenses	805	839	831	1,014	3,489	3,627
General and administrative expenses	243	254	270	362	1,129	1,058
Franchise and license expenses	51	54	40	56	201	240
Closures and impairment (income) expenses	2	7	1	5	15	16
Refranchising (gain) loss	—	(54)	(21)	(88)	(163)	23
Other (income) expense	(7)	(6)	(1)	17	3	20
Total costs and expenses, net	1,094	1,094	1,120	1,366	4,674	4,984
Operating Profit	349	415	398	520	1,682	1,434
Interest expense, net	42	51	98	114	305	141
Other pension (income) expense	(1)	—	(1)	34	32	40
Income from continuing operations before income taxes	308	364	301	372	1,345	1,253
Income tax provision	82	98	83	64	327	327
Income from continuing operations	226	266	218	308	1,018	926
Income from discontinued operations, net of tax	138	70	422	(5)	625	357
Net Income	\$ 364	\$ 336	\$ 640	\$ 303	\$ 1,643	\$ 1,283
Basic Earnings per Common Share from continuing operations	\$ 0.55	\$ 0.65	\$ 0.56	\$ 0.84	\$ 2.58	\$ 2.13
Basic Earnings per Common Share from discontinued operations	0.33	0.17	1.09	(0.01)	1.59	0.82
Basic earnings per Common Share	\$ 0.88	\$ 0.82	\$ 1.65	\$ 0.83	\$ 4.17	\$ 2.95
Average basic shares outstanding	415	408	388	366	394	435
Diluted Earnings per Common Share from continuing operations	\$ 0.54	\$ 0.64	\$ 0.55	\$ 0.83	\$ 2.54	\$ 2.09
Diluted Earnings per Common Share from discontinued operations	0.33	0.17	1.07	(0.01)	1.56	0.81
Diluted earnings per Common Share	\$ 0.87	\$ 0.81	\$ 1.62	\$ 0.82	\$ 4.10	\$ 2.90
Average diluted shares outstanding	421	415	395	372	400	443

YUM! Brands, Inc.
Recast Annual Segment Operating Results
(amounts in millions)
(unaudited)

Year Ended 12/31/16	KFC	Pizza Hut	Taco Bell	Corporate and Unallocated	Consolidated
Company sales	\$ 2,156	\$ 493	\$ 1,540	\$ —	4,189
Franchise and license fees and income	1,069	615	485	(2)	2,167
Total revenues	<u>3,225</u>	<u>1,108</u>	<u>2,025</u>	<u>(2)</u>	<u>6,356</u>
Company restaurant expenses					
Food and paper	733	137	397	—	1,267
Payroll and employee benefits	507	156	443	—	1,106
Occupancy and other operating expenses	599	159	358	—	1,116
Company restaurant expenses	<u>1,839</u>	<u>452</u>	<u>1,198</u>	<u>—</u>	<u>3,489</u>
General and administrative expenses	396	242	211	280	1,129
Franchise and license expenses	108	48	21	24	201
Closures and impairment (income) expenses	11	1	3	—	15
Refranchising (gain) loss	—	—	—	(163)	(163)
Other (income) expense	—	(2)	(3)	8	3
Total costs and expenses, net	<u>2,354</u>	<u>741</u>	<u>1,430</u>	<u>149</u>	<u>4,674</u>
Operating Profit (loss)	<u>\$ 871</u>	<u>\$ 367</u>	<u>\$ 595</u>	<u>\$ (151)</u>	<u>\$ 1,682</u>

Year Ended 12/31/15	KFC	Pizza Hut	Taco Bell	Corporate and Unallocated	Consolidated
Company sales	\$ 2,191	\$ 601	\$ 1,544	\$ —	\$ 4,336
Franchise and license fees and income	1,031	604	447	—	2,082
Total revenues	<u>3,222</u>	<u>1,205</u>	<u>1,991</u>	<u>—</u>	<u>6,418</u>
Company restaurant expenses					
Food and paper	751	167	422	—	1,340
Payroll and employee benefits	511	187	427	—	1,125
Occupancy and other operating expenses	622	189	351	—	1,162
Company restaurant expenses	<u>1,884</u>	<u>543</u>	<u>1,200</u>	<u>—</u>	<u>3,627</u>
General and administrative expenses	395	262	221	180	1,058
Franchise and license expenses	101	45	23	71	240
Closures and impairment (income) expenses	9	4	3	—	16
Refranchising (gain) loss	—	—	—	23	23
Other (income) expense	(2)	—	(2)	24	20
Total costs and expenses, net	<u>2,387</u>	<u>854</u>	<u>1,445</u>	<u>298</u>	<u>4,984</u>
Operating Profit (loss)	<u>\$ 835</u>	<u>\$ 351</u>	<u>\$ 546</u>	<u>\$ (298)</u>	<u>\$ 1,434</u>

YUM! Brands, Inc.
Recast Quarterly Segment Operating Results
(amounts in millions)
(unaudited)

Quarter Ended 3/31/16	KFC	Pizza Hut	Taco Bell	Corporate and Unallocated	Consolidated
Company sales	\$ 493	\$ 135	\$ 325	\$ —	\$ 953
Franchise and license fees and income	243	146	101	—	490
Total revenues	736	281	426	—	1,443
Company restaurant expenses					
Food and paper	167	37	83	—	287
Payroll and employee benefits	118	42	97	—	257
Occupancy and other operating expenses	142	42	77	—	261
Company restaurant expenses	427	121	257	—	805
General and administrative expenses	94	59	47	43	243
Franchise and license expenses	28	10	4	9	51
Closures and impairment (income) expenses	2	—	—	—	2
Refranchising (gain) loss	—	—	—	—	—
Other (income) expense	—	—	—	(7)	(7)
Total costs and expenses, net	551	190	308	45	1,094
Operating Profit (loss)	\$ 185	\$ 91	\$ 118	\$ (45)	\$ 349

Quarter Ended 6/30/16	KFC	Pizza Hut	Taco Bell	Corporate and Unallocated	Consolidated
Company sales	\$ 528	\$ 125	\$ 353	\$ —	\$ 1,006
Franchise and license fees and income	251	142	111	(1)	503
Total revenues	779	267	464	(1)	1,509
Company restaurant expenses					
Food and paper	181	35	91	—	307
Payroll and employee benefits	124	39	100	—	263
Occupancy and other operating expenses	146	40	83	—	269
Company restaurant expenses	451	114	274	—	839
General and administrative expenses	93	56	46	59	254
Franchise and license expenses	28	14	5	7	54
Closures and impairment (income) expenses	4	2	1	—	7
Refranchising (gain) loss	—	—	—	(54)	(54)
Other (income) expense	—	—	(1)	(5)	(6)
Total costs and expenses, net	576	186	325	7	1,094
Operating Profit (loss)	\$ 203	\$ 81	\$ 139	\$ (8)	\$ 415

YUM! Brands, Inc.
Recast Quarterly Segment Operating Results
(amounts in millions)
(unaudited)

Quarter Ended 9/30/16	KFC	Pizza Hut	Taco Bell	Corporate and Unallocated	Consolidated
Company sales	\$ 520	\$ 106	\$ 366	\$ —	\$ 992
Franchise and license fees and income	267	145	115	(1)	526
Total revenues	<u>787</u>	<u>251</u>	<u>481</u>	<u>(1)</u>	<u>1,518</u>
Company restaurant expenses					
Food and paper	178	29	96	—	303
Payroll and employee benefits	120	35	105	—	260
Occupancy and other operating expenses	144	38	86	—	268
Company restaurant expenses	<u>442</u>	<u>102</u>	<u>287</u>	<u>—</u>	<u>831</u>
General and administrative expenses	89	55	48	78	270
Franchise and license expenses	26	11	4	(1)	40
Closures and impairment (income) expenses	—	1	—	—	1
Refranchising (gain) loss	—	—	—	(21)	(21)
Other (income) expense	—	(2)	(1)	2	(1)
Total costs and expenses, net	<u>557</u>	<u>167</u>	<u>338</u>	<u>58</u>	<u>1,120</u>
Operating Profit (loss)	<u>\$ 230</u>	<u>\$ 84</u>	<u>\$ 143</u>	<u>\$ (59)</u>	<u>\$ 398</u>
Quarter Ended 12/31/16	KFC	Pizza Hut	Taco Bell	Corporate and Unallocated	Consolidated
Company sales	\$ 615	\$ 127	\$ 496	\$ —	\$ 1,238
Franchise and license fees and income	308	182	158	—	648
Total revenues	<u>923</u>	<u>309</u>	<u>654</u>	<u>—</u>	<u>1,886</u>
Company restaurant expenses					
Food and paper	207	36	127	—	370
Payroll and employee benefits	145	40	141	—	326
Occupancy and other operating expenses	167	39	112	—	318
Company restaurant expenses	<u>519</u>	<u>115</u>	<u>380</u>	<u>—</u>	<u>1,014</u>
General and administrative expenses	120	72	70	100	362
Franchise and license expenses	26	13	8	9	56
Closures and impairment (income) expenses	5	(2)	2	—	5
Refranchising (gain) loss	—	—	—	(88)	(88)
Other (income) expense	—	—	(1)	18	17
Total costs and expenses, net	<u>670</u>	<u>198</u>	<u>459</u>	<u>39</u>	<u>1,366</u>
Operating Profit (loss)	<u>\$ 253</u>	<u>\$ 111</u>	<u>\$ 195</u>	<u>\$ (39)</u>	<u>\$ 520</u>

YUM! Brands, Inc.
Reconciliation of Non-GAAP Measurements to GAAP Results
(amounts in millions)
(unaudited)

Note: Consult our filings with the Securities and Exchange Commission for additional details related to our use of the Non-GAAP measures of Diluted EPS from Continuing Operations before Special Items and Core Operating Profit.

	2016					2015
	Quarter Ended March 31	Quarter Ended June 30	Quarter Ended September 30	Quarter Ended December 31	Year Ended December 31	Year Ended December 31
Detail of Special Items						
Refranchising initiatives	\$ —	\$ 54	\$ 21	\$ 88	\$ 163	\$ (19)
YUM's Strategic Transformation Initiatives	—	(4)	(30)	(33)	(67)	—
Non-cash charges associated with share-based compensation	—	—	—	(30)	(30)	—
Costs associated with KFC U.S. Acceleration Agreement	(9)	(8)	—	(9)	(26)	(72)
Other Special Items Income (Expense)	—	(2)	(1)	(2)	(5)	—
Special Items Income (Expense) - Operating Profit	(9)	40	(10)	14	35	(91)
Settlement charges associated with pension deferred vested project and Other pension charges	—	—	—	(26)	(26)	—
Tax Benefit (Expense) on Special Items	2	(7)	5	24	24	(4)
Special Items Income (Expense), net of tax - Continuing Operations	\$ (7)	\$ 33	\$ (5)	\$ 12	\$ 33	\$ (95)
Average diluted shares outstanding	421	415	395	372	400	443
Special Items diluted EPS	\$ (0.01)	\$ 0.08	\$ (0.01)	\$ 0.03	\$ 0.08	\$ (0.22)

Reconciliation of GAAP Operating Profit to Core Operating Profit

<u>Consolidated</u>						
GAAP Operating Profit	\$ 349	\$ 415	\$ 398	\$ 520	\$ 1,682	\$ 1,434
Special Items Income (Expense) - Operating Profit	(9)	40	(10)	14	35	(91)
Foreign Currency Impact on Reported Operating Profit	(15)	(13)	(9)	(10)	(47)	N/A
Core Operating Profit	\$ 373	\$ 388	\$ 417	\$ 516	\$ 1,694	\$ 1,525

KFC Division

GAAP Operating Profit	\$ 185	203	230	253	871	835
Foreign Currency Impact on Reported Operating Profit	(13)	(12)	(8)	(8)	(41)	N/A
Core Operating Profit	\$ 198	\$ 215	\$ 238	\$ 261	\$ 912	\$ 835

Pizza Hut Division

GAAP Operating Profit	\$ 91	\$ 81	\$ 84	\$ 111	\$ 367	\$ 351
Foreign Currency Impact on Reported Operating Profit	(2)	(1)	(1)	(3)	(7)	N/A
Core Operating Profit	\$ 93	\$ 82	\$ 85	\$ 114	\$ 374	\$ 351

Taco Bell Division

GAAP Operating Profit	\$ 118	\$ 139	\$ 143	\$ 195	\$ 595	\$ 546
Foreign Currency Impact on Reported Operating Profit	—	—	—	1	1	N/A
Core Operating Profit	\$ 118	\$ 139	\$ 143	\$ 194	\$ 594	\$ 546

Reconciliation of Diluted EPS from Continuing Operations to Diluted EPS from Continuing Operations before Special Items

Diluted EPS from Continuing Operations	\$ 0.54	\$ 0.64	\$ 0.55	\$ 0.83	\$ 2.54	\$ 2.09
Special Items EPS	(0.01)	0.08	(0.01)	0.03	0.08	(0.22)
Diluted EPS from Continuing Operations before Special Items	\$ 0.55	\$ 0.56	\$ 0.56	\$ 0.80	\$ 2.46	\$ 2.31

YUM! Brands, Inc.
Recast Annual Division System Sales Growth
(unaudited)

Year Ended 12/31/16	<u>KFC</u>	<u>Pizza Hut</u>	<u>Taco Bell</u>	<u>Worldwide</u>
System sales, reported	3 %	0 %	6 %	3 %
System sales, excluding FX	7 %	2 %	6 %	5 %
System sales, excluding FX and 53rd week	6 %	1 %	5 %	4 %
Same store sales growth (decline)	2 %	-2 %	2 %	1 %

Year Ended 12/31/15	<u>KFC</u>	<u>Pizza Hut</u>	<u>Taco Bell</u>	<u>Worldwide</u>
System sales, reported	-3 %	-1 %	8 %	0 %
System sales, excluding FX	5 %	3 %	8 %	5 %
Same store sales growth (decline)	1 %	0 %	5 %	2 %

YUM! Brands, Inc.
Recast Quarterly Division System Sales Growth
(unaudited)

Quarter Ended 3/31/16	KFC	Pizza Hut	Taco Bell	Worldwide
System sales, reported	1 %	0 %	4 %	1 %
System sales, excluding FX	6 %	3 %	4 %	5 %
Same store sales growth (decline)	3 %	-1 %	1 %	2 %
Quarter Ended 6/30/16	KFC	Pizza Hut	Taco Bell	Worldwide
System sales, reported	2 %	0 %	2 %	1 %
System sales, excluding FX	6 %	2 %	2 %	4 %
Same store sales growth (decline)	3 %	-1 %	-1 %	1 %
Quarter Ended 9/30/16	KFC	Pizza Hut	Taco Bell	Worldwide
System sales, reported	2 %	0 %	5 %	2 %
System sales, excluding FX	5 %	1 %	5 %	4 %
Same store sales growth (decline)	2 %	-1 %	3 %	1 %
Quarter Ended 12/31/16	KFC	Pizza Hut	Taco Bell	Worldwide
System sales, reported	6 %	1 %	12 %	6 %
System sales, excluding FX	9 %	4 %	12 %	8 %
System sales, excluding FX and 53rd week	6 %	0 %	6 %	4 %
Same store sales growth (decline)	2 %	-3 %	3 %	1 %
Quarter Ended 3/31/15	KFC	Pizza Hut	Taco Bell	Worldwide
System sales, reported	-3 %	1 %	9 %	0 %
System sales, excluding FX	2 %	3 %	9 %	4 %
Same store sales growth (decline)	-1 %	-1 %	6 %	0 %
Quarter Ended 6/30/15	KFC	Pizza Hut	Taco Bell	Worldwide
System sales, reported	-6 %	-1 %	9 %	-2 %
System sales, excluding FX	2 %	3 %	9 %	3 %
Same store sales growth (decline)	-2 %	-1 %	6 %	0 %
Quarter Ended 9/30/15	KFC	Pizza Hut	Taco Bell	Worldwide
System sales, reported	-1 %	0 %	7 %	1 %
System sales, excluding FX	9 %	5 %	7 %	7 %
Same store sales growth (decline)	5 %	1 %	4 %	4 %
Quarter Ended 12/31/15	KFC	Pizza Hut	Taco Bell	Worldwide
System sales, reported	-4 %	-2 %	7 %	-1 %
System sales, excluding FX	6 %	2 %	7 %	5 %
Same store sales growth (decline)	3 %	0 %	4 %	2 %

YUM! Brands, Inc.
Recast Division Unit Activity
(unaudited)

KFC	Franchise	Company-owned	Total
Year ended 12/31/2014	17,895	1,523	19,418
Net Unit Change			
Q1 2015	85	7	92
Q2 2015	43	16	59
Q3 2015	92	13	105
Q4 2015	358	(46)	312
Year Ended 12/31/2015	18,473	1,513	19,986
Net Unit Change			
Q1 2016	16	(14)	2
Q2 2016	132	5	137
Q3 2016	157	2	159
Q4 2016	458	(99)	359
Year ended 12/31/2016	19,236	1,407	20,643
Pizza Hut			
	Franchise	Company-owned	Total
Year ended 12/31/2014	14,787	823	15,610
Net Unit Change			
Q1 2015	89	(36)	53
Q2 2015	40	10	50
Q3 2015	153	(48)	105
Q4 2015	265	1	266
Year Ended 12/31/2015	15,334	750	16,084
Net Unit Change			
Q1 2016	5	(1)	4
Q2 2016	155	(65)	90
Q3 2016	84	(47)	37
Q4 2016	293	(88)	205
Year ended 12/31/2016	15,871	549	16,420
Taco Bell			
	Franchise	Company-owned	Total
Year ended 12/31/2014	5,277	933	6,210
Net Unit Change			
Q1 2015	32	(2)	30
Q2 2015	24	2	26
Q3 2015	67	(10)	57
Q4 2015	113	(23)	90
Year Ended 12/31/2015	5,513	900	6,413
Net Unit Change			

Q1 2016	20	3	23
Q2 2016	24	6	30
Q3 2016	57	(8)	49
Q4 2016	113	(16)	97
Year ended 12/31/2016	<u>5,727</u>	<u>885</u>	<u>6,612</u>