

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Yum! Brands, Inc.		2 Issuer's employer identification number (EIN) 13-3951308	
3 Name of contact for additional information Yum! Investor Relations	4 Telephone No. of contact (888) 298-6986	5 Email address of contact	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1441 Gardiner Lane			7 City, town, or post office, state, and Zip code of contact Louisville, KY 40213
8 Date of action October 31, 2016	9 Classification and description Distribution of common stock of Yum China Holdings, Inc.		
10 CUSIP number 988498101	11 Serial number(s)	12 Ticker symbol YUM	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

- 14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ SEE ATTACHED

- 15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ SEE ATTACHED

- 16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ SEE ATTACHED

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► **SEE ATTACHED**

Multiple horizontal lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ► **SEE ATTACHED**

Multiple horizontal lines for providing information regarding the recognition of resulting loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► **SEE ATTACHED**

Multiple horizontal lines for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ► *Mary Nixon* Date ► 11/16/16

Print your name ► **Mary Nixon** Title ► **Vice President - Tax**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►	Firm's EIN ►			
	Firm's address ►	Phone no.			

YUM! BRANDS, INC.
EIN: 13-3951308
ATTACHMENT TO IRS FORM 8937 – PART II
REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Distribution (as defined below) on the tax basis of shares of Yum! Brands, Inc. ("Yum") common stock and the allocation of tax basis between shares of common stock of Yum and of Yum China Holdings, Inc. ("Yum China") following the Distribution. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Neither Yum nor Yum China provides tax advice to its shareholders. The example provided below is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to shareholders and their tax advisors when establishing their specific tax position. You are urged to consult your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state, and local and foreign tax laws. We urge you to read the registration statement on Form 10 of Yum China, as filed with the Securities and Exchange Commission on October 6, 2016, and declared effective on October 7, 2016, noting especially the discussion under the heading "Material U.S. Federal Income Tax Consequences". You may access the Form 10 at Yum China's investor relations website, ir.yumchina.com or at www.sec.gov.

This notice does not apply to shares of Yum common stock sold, exchanged or otherwise disposed of prior to the time of the Distribution.

Line 14. Describe the organizational action, and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

On October 31, 2016, pursuant to the terms and conditions of the Separation and Distribution Agreement dated October 31, 2016, by and among Yum, Yum Restaurants Consulting (Shanghai) Company Limited and Yum China, Yum distributed to the holders of record of shares of Yum common stock, on a pro rata basis, all of the issued and outstanding shares of common stock of Yum China owned by Yum (the "Distribution"). Pursuant to the Distribution, each holder of Yum common stock as of the close of business on October 19, 2016, received one share of Yum China common stock for every one share of Yum common stock held. Yum shareholders also received cash in lieu of any fractional shares of Yum China common stock.

Yum China's common stock trades under the ticker symbol "YUMC", whereas the common stock of Yum will continue to trade under the ticker symbol "YUM".

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

As a result of the Distribution, Yum shareholders will be required to allocate the aggregate tax basis in their shares of Yum common stock held immediately before the Distribution among the shares of Yum China common stock received in the Distribution (including any fractional share interest in Yum China common stock for which cash is received) and the Yum common stock in respect of which such Yum China stock was received. A shareholder's aggregate tax basis in his or her shares of Yum common stock held immediately prior to the distribution should be allocated in proportion to the relative fair market value of the Yum common stock and the Yum China common stock on the date of the Distribution. Shareholders that acquired Yum common stock at different times or different prices will need to calculate their tax basis in each block of stock and then allocate a portion of that tax basis to the Yum common stock and the Yum China common stock received with respect thereto.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the Yum common stock and the Yum China common stock for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

There are several possible methods for determining the fair market values of Yum common stock and Yum China common stock. One possible approach is to use the New York Stock Exchange market closing price on November 1, 2016 for Yum common stock (\$60.69 per share), and the New York Stock Exchange market closing price on November 1, 2016 for Yum China common stock (\$26.19 per share) as an indication of the fair market value. Based on that approach and the assumptions and calculations set forth in Item 16 below (noting, in particular, the distribution of one share of Yum China common stock for every one share of Yum common stock), 69.85% of a Yum shareholder's aggregate tax basis in his or her shares of Yum common stock immediately prior to the Distribution would be allocated to such shareholder's shares of Yum common stock and 30.15% would be allocated to such shareholder's shares of Yum China common stock received in the Distribution (including any fractional share interest in Yum China common stock for which cash is received). Other approaches to determine fair market value may also be possible. You are not bound by the approach illustrated above and may, in consultation with your tax advisor, use another approach in determining fair market values for Yum and Yum China common stock.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:

The following is an example of how the above-described approach to basis allocation would be applied:
Assumptions:

- Shares of Yum common stock owned: 1,000
- Yum shareholder's aggregate tax basis (assumed to be \$50 per share): \$50,000
- Shares of Yum China common stock received in the Distribution (1,000 shares of Yum common stock multiplied by the distribution ratio of 1:1): 1,000

Tax basis allocation:

	# Shares Owned	Assumed Beginning Basis (A)	Price	FMV of Shares Owned Post Distribution	Percentage of Total FMV (B)	Allocated Tax Basis = (A) x (B)
Yum common stock	1,000	\$50,000.00	\$60.69 ¹	\$60,690 ³	69.85% ⁵	\$34,925
Yum China common stock	1,000		\$26.19 ²	\$26,190 ⁴	30.15% ⁶	\$15,075
Total				\$86,880	100%	\$50,000

¹Closing market price of Yum common stock on November 1, 2016
²Closing market price of Yum China common stock on November 1, 2016
³1,000 shares x \$60.69
⁴1,000 shares x \$26.19
⁵60,690/86,880
⁶26,190/86,880

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

Yum received an opinion of outside advisors that the Distribution “will” qualify as a transaction that is generally tax free, for U.S. federal income tax purposes, under Sections 355 and 361 of the Code.

Provided the Distribution so qualifies:

- Pursuant to Sections 355 and 361 of the Code, Yum stockholders will not recognize income, gain or loss for U.S. federal income tax purposes upon their receipt of Yum China common stock pursuant to the Distribution (except with respect to any cash received in lieu of fractional shares).
- Pursuant to Sections 358(a)(1), 358(b) and 358(c) of the Code, Yum stockholders must allocate the aggregate tax basis in their Yum common shares held immediately before the Distribution between the Yum China shares received in the Distribution and their Yum shares in proportion to their relative fair market values on the date of the Distribution.

You should consult your own tax advisor as to the particular consequences of the Distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as foreign tax laws, which may result in the Distribution being taxable to you.

Line 18. Can any resulting loss be recognized?

No loss may be recognized by a Yum shareholder upon the receipt of Yum China common stock in the Distribution, except possibly with respect to cash received in lieu of a fractional share of Yum China common stock.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The Distribution was effective on October 31, 2016. For a Yum shareholder whose taxable year is a calendar year, the reportable tax year is 2016.

Please note that some brokerage houses might not use the information provided in this document, and the information is only provided as an example of one potential method. There are various ways brokerage houses may calculate the cost basis allocation. Please contact your individual brokerage house to determine which calculation it may have used and contact your tax advisor for additional information and clarification.