

## DEFINITIONS OF KEY MARKETS

**China Division** includes solely the results of our mainland China business.

### **KFC, Pizza Hut and Taco Bell Divisions**

The following list of definitions provides the significant KFC, Pizza Hut and Taco Bell Division countries and territories with at least 25 restaurants that are included in key markets that generally follow Yum! business management units for internal reporting purposes. For a complete list of countries and territories please see our detailed store count information available on our website.

#### **Emerging**

**Asia (exChina Division)** includes Brunei, Indonesia, Malaysia, Philippines and Vietnam.

**Africa** includes Mauritius, Nigeria and South Africa.

**Continental Europe** includes Hungary, Poland and Romania.

**India** includes India, Bangladesh and Sri Lanka.

**Latin America** includes Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Panama, Peru, Trinidad and Venezuela.

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

**Russia** includes Russia and Kazakhstan.

**Thailand**

**Turkey**

#### **Developed**

**Asia (exChina Division)** includes Hong Kong, Japan, Korea, Singapore and Taiwan.

**Australia** includes Australia and New Zealand.

**Continental Europe** includes Belgium, Cyprus, Czech Republic, France, Germany, Israel, Netherlands, Portugal and Spain.

**Latin America** includes Puerto Rico

**UK** includes Great Britain and Ireland.

**U.S.** includes the continental United States, Alaska and Hawaii.

**Canada**

## **2016 THIRD-QUARTER DEFINITIONS**

**Emerging Markets** include countries that meet the International Monetary Fund (IMF) guidelines for “Emerging” or “Developing” economies.

**Ex F/X** represents the percentage change excluding the impact of foreign currency translation. These amounts are calculated by translating current-year results at prior-year average exchange rates. We believe elimination of the foreign currency translation impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.

**Franchise Restaurants** include franchise and licensed restaurants and exclude unconsolidated affiliates (joint ventures).

**Franchisee Sales** represent combined estimated sales of franchise, unconsolidated affiliate and license restaurants. Franchisee sales, which are not included in the company sales we present on our Consolidated Statements of Income, generate franchise and license fees (typically at a rate of 4% to 6% of sales) that are included in the company’s revenues.

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

**New-Restaurant Openings** include company-owned, franchise, unconsolidated affiliate, and license restaurants.

**Operating Margin** is defined as Operating Profit divided by Total Revenue.

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

**System-Sales Growth** includes the results of all restaurants regardless of ownership, including company-owned, franchise, unconsolidated affiliate and license restaurants that operate our concepts, except for non-company-owned restaurants for which we do not receive a sales-based royalty. 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 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 Growth** includes the estimated growth in sales of all restaurants that have been open and in the YUM system one year or more.