

## DEFINITIONS OF KEY MARKETS

### KFC, Pizza Hut and Taco Bell Divisions

#### Emerging

**Africa** includes Angola, Botswana, Ghana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe

**Asia** includes Brunei, Cambodia, Indonesia, Malaysia, Mongolia, Myanmar, Philippines, and Vietnam

#### **China**

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

**Continental Europe** includes Albania, Kosovo, Bulgaria, Croatia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Serbia, and West Bank and Gaza Strip

**Latin America** include Antigua, Argentina, Bahamas, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts, St. Lucia, St. Vincent, Suriname, and Trinidad

**<sup>1</sup>Middle East / Turkey / North Africa** includes Afghanistan, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Pakistan, Qatar, Saudi Arabia, Tunisia, Turkey, and United Arab Emirates

**<sup>2</sup>Russia** includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Russia, and Ukraine

**<sup>3</sup>Thailand**

#### Developed

**Asia** includes <sup>4</sup>Guam, Hong Kong, Japan, Korea, <sup>3</sup>Saipan, Singapore, and Taiwan

**Australia** includes Australia and New Zealand

#### **Canada**

**Continental Europe** includes Austria, Belgium, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Gibraltar, Greece, Iceland, Israel, Italy, Ireland, Luxembourg, Malta, Netherlands, Norway, Portugal, Slovakia, Spain, and Sweden

**Latin America** include Aruba, Bermuda, Bonaire, Curacao, Grand Cayman, Guadeloupe, Martinique, Puerto Rico, St. Maarten, and U.S. Virgin Islands

#### **United Kingdom**

#### **United States**

## FOOTNOTES

<sup>1</sup>Africa and corresponding markets are included as part of Middle East / Turkey / Africa for Pizza Hut in the Earnings Release System Sales Growth chart.

<sup>2</sup>Russia and corresponding markets are included as part of Asia for Pizza Hut in the Earnings Release System Sales Growth chart.

<sup>3</sup>Thailand is included as part of Asia for Pizza Hut in the Earnings Release System Sales Growth chart.

<sup>4</sup>Guam & Saipan are included as part of the U.S. for Pizza Hut in the Earnings Release System Sales Growth chart.

## 2017 FIRST-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 license restaurants.

**Franchisee Sales** represent combined estimated sales of franchise 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, and license restaurants.

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

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

**System Sales Growth** includes the results of all restaurants regardless of ownership, including company-owned, franchise 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 and license restaurants generate franchise and license fees for the company (typically at a rate of 4% to 6% of sales). Franchise 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.