

## DEFINITIONS OF MARKETS

### KFC

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

**Asia** includes Brunei, Cambodia, Guam, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mongolia, Myanmar, Philippines, Saipan, Singapore, Taiwan and Vietnam

**Australia** includes Australia and New Zealand

**Canada**

**China**

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

**Latin America** includes Antigua, Argentina, Aruba, Bahamas, Barbados, Bermuda, Bolivia, Bonaire, Brazil, Chile, Colombia, Costa Rica, Curacao, Dominica, Dominican Republic, Ecuador, El Salvador, Grand Cayman, Grenada, Guadeloupe, Guatemala, Guyana, Honduras, Jamaica, Martinique, Mexico, Panama, Paraguay, Peru, Puerto Rico, St. Kitts, St. Lucia, St. Maarten, St. Vincent, Suriname, Trinidad, U.S. Virgin Islands and Venezuela

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

**Russia and Eastern Europe** includes Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Cyprus, Czech Republic, Georgia, Greece, Hungary, Kazakhstan, Kosovo, Kyrgyzstan, Latvia, Lithuania, Malta, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine and West Bank

**Thailand**

**United Kingdom** includes Ireland and United Kingdom

**United States**

**Western Europe** includes Austria, Denmark, France, Germany, Iceland, Italy, Netherlands, Portugal, Spain, Sweden and Switzerland

### PIZZA HUT

**Africa** includes Algeria, Angola, Botswana, Ethiopia, Ghana, Kenya, Mauritius, Mozambique, South Africa, Tanzania, Uganda, Zambia and Zimbabwe

**Asia** includes Australia, Brunei, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mongolia, Myanmar, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam

**Canada**

**China**

**Europe** includes Armenia, Azerbaijan, Belgium, Cyprus, Czech Republic, Finland, France, Germany, Gibraltar, Greece, Hungary, Iceland, Ireland, Israel, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Russia, Spain, Sweden, United Kingdom and West Bank

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

**Latin America** includes Aruba, Bahamas, Brazil, Chile, Colombia, Costa Rica, Curacao, Dominican Republic, Ecuador, El Salvador, Grand Cayman, Grenada, Guadeloupe, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Suriname, Trinidad, U.S. Virgin Islands and Venezuela

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

**United States** includes Guam, Saipan and United States

## 2018 SECOND-QUARTER DEFINITIONS

**Core Operating Profit** excludes Special Items and FX and we use Core Operating Profit for the purposes of evaluating performance internally.

**Developed & Emerging Markets** classification is based on guidance provided by the International Monetary Fund (IMF) according to the World Economic Outlook (WEO) country classification of "Advanced Economies" vs. "Emerging and Developing Economies" as determined by factors such as GDP, Exports of Goods and Services, and Population.

**Ex F/X** represents the percentage change excluding the impact of foreign currency translation. These amounts are derived by translating current year local currency 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.

**Franchise Restaurants** include franchise and license restaurants.

**Franchisee Sales** represent combined estimated sales of restaurants operated by franchisees and licensees. Franchisee sales, which are not included in the Company sales we present in our Condensed Consolidated Statements of Income, generate franchise and license fees (typically at a rate of 3% 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.

**Special Items** are not included in any of our Division segment results as our chief operating decision maker does not consider the impact of these items when assessing segment performance.

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

**System sales and system sales growth** include the results of all restaurants regardless of ownership, including Company-owned and franchise restaurants that operate our Concepts. Sales of franchise restaurants typically generate ongoing franchise fees for the Company at a rate of 3% to 6% of sales. Franchise 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 growth.

**Same-store sales growth** is the estimated percentage change in sales of all restaurants that have been open and in the YUM system one year or more.