

DEFINITIONS OF MARKETS

KFC

Africa includes Angola, Botswana, Gabon, 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, Macau, Malaysia, Mongolia, Myanmar, Philippines, Saipan, Singapore, Taiwan and Vietnam

Australia includes Australia and New Zealand

Canada

China

India includes Bangladesh, India, Maldives, 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, French Guiana, 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, Macedonia, Malta, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine, Uzbekistan and West Bank

Thailand

United Kingdom includes Ireland and United Kingdom

United States

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

PIZZA HUT

Africa includes Algeria, Angola, Botswana, Ethiopia, Ghana, Ivory Coast, Kenya, Mauritius, Mozambique, Nigeria, South Africa, Sudan, Tanzania, Uganda, Zambia and Zimbabwe

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

Canada

China

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

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

Latin America includes Andorra, Aruba, Bahamas, Bolivia, Brazil, Chile, Colombia, Costa Rica, Curacao, Dominican Republic, Ecuador, El Salvador, Gibraltar, Grand Cayman, Grenada, Guadeloupe, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Portugal, Puerto Rico, Spain, 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

2019 SECOND-QUARTER DEFINITIONS

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

Ex F/X represents the percentage change excluding the impact of foreign currency translation. These amounts are derived by translating current year results at prior year average exchange rates. We believe the elimination of the FX 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 the Company does not believe they are indicative of our ongoing operations due to their size and/or nature. Our chief operating decision maker does not consider the impact of Special 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 at franchise restaurants typically generate ongoing franchise and license 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 our primary 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 for one year or more. In 2019 we adjusted our prior year base to include Telepizza stores that have been open for one year or more.