FORM 10-K

Annual report pursuant to section 13 and 15(d)

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YUM BRANDS INC

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

[•] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** for the fiscal year ended December 31, 2017

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to _________________

Commission file number 1-13163

YUM! BRANDS, INC.
(Exact name of registrant as specified in its charter)

North Carolina	13-3951308
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1441 Gardiner Lane, Louisville, Kentucky	40213
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (502) 874-8300

Securities registered pursuant to Section 12(b) of the Act

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, no par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ✓ No __

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes __ No ✓

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ✓ No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [✓]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and"emerging growth company" in Rule 12b-2 of the Exchange Act (Check one): Large accelerated filer: [✓] Accelerated filer: [ ] Non-accelerated filer: [ ] Smaller reporting company: [ ] Emerging growth company: [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ___ No ✓

The aggregate market value of the voting stock (which consists solely of shares of Common Stock) held by non-affiliates of the registrant as of June 30, 2017 computed by reference to the closing price of the registrant's Common Stock on the New York Stock Exchange Composite Tape on such date was approximately $25.4 billion. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant. The number of shares outstanding of the registrant's Common Stock as of February 14, 2018 was 332,513,103 shares.

Documents Incorporated by Reference

Portions of the definitive proxy statement furnished to shareholders of the registrant in connection with the annual meeting of shareholders to be held on May 17, 2018 are incorporated by reference into Part III.

Forward-Looking Statements

In this Form 10-K, as well as in other written reports and oral statements, we present “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend all forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of complying with those safe harbor provisions.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and by the use of forward-looking words such as “expect,” “expectation,” “believe,” “anticipate,” “may,” “could,” “intend,” “belief,” “plan,” “estimate,” “target,” “predict,” “likely,” “seek,” “project,” “model,” “ongoing,” “will,” “should,” “forecast,” “outlook” or similar terminology. Forward-looking statements are based on our current expectations, estimates, assumptions and/or projections, our perception of historical trends and current conditions, as well as other factors that we believe are appropriate and reasonable under the circumstances. Forward-looking statements are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks, uncertainties and assumptions that could cause our actual results to differ materially from those indicated by those statements. There can be no assurance that our expectations, estimates, assumptions and/or projections will be achieved. Factors that could cause actual results and events to differ materially from our expectations and forward-looking statements include (i) the risks and uncertainties described in the Risk Factors included in Part I, Item 1A of this Form 10-K and (ii) the factors described in Management’s Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of this Form 10-K. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. The forward-looking statements included in this Form 10-K are only made as of the date of this Form 10-K and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances.

PART I

Item 1. Business.

YUM! Brands, Inc. (referred to herein as “YUM”, the “Registrant” or the “Company”), was incorporated under the laws of the state of North Carolina in 1997. The principal executive offices of YUM are located at 1441 Gardiner Lane, Louisville, Kentucky 40213, and the telephone number at that location is (502) 874-8300. Our website address is http://yum.com.

YUM, together with its subsidiaries, is referred to in this Form 10-K annual report (“Form 10-K”) as the Company. The terms “we,” “us” and “our” are also used in the Form 10-K to refer to the Company. Throughout this Form 10-K, the terms “restaurants,” “stores” and “units” are used interchangeably. While YUM! Brands, Inc., referred to as the Company, does not directly own or operate any restaurants, throughout this document we may refer to restaurants that are owned or operated by our subsidiaries as being Company-owned.

Financial Information about Operating Segments and General Development of the Business

As of December 31, 2017, YUM consists of three operating segments:

- The KFC Division which includes the worldwide operations of the KFC concept
- The Pizza Hut Division which includes the worldwide operations of the Pizza Hut concept
- The Taco Bell Division which includes the worldwide operations of the Taco Bell concept

On October 31, 2016 (the “Distribution Date”), we completed the spin-off of our China business (the "Separation") into an independent, publicly-traded company under the name of Yum China Holdings, Inc. (“Yum China”). On the Distribution Date, we distributed to each of our shareholders of record as of the close of business on October 19, 2016 (the “Record Date”) one share of Yum China common stock for each share of our Common Stock held as of the Record Date. The distribution was structured to be a tax free distribution to our U.S. shareholders for federal income tax purposes in the United States. Yum China’s common stock trades on the New York Stock Exchange under the symbol “YUMC.” After the distribution, we do not beneficially own any shares of Yum China common stock.

Concurrent with the Separation, a subsidiary of the Company entered into a Master License Agreement with a subsidiary of Yum China for the exclusive right to use and sublicense the use of intellectual property owned by YUM and its affiliates for the development and operation of KFC, Pizza Hut and Taco Bell restaurants in China. Prior to the Separation, our operations in mainland China were reported in our former China Division segment results. As a result of the Separation, the results of operations and cash flows of the separated business are presented as discontinued operations in our Consolidated Statements of Income and Consolidated Statements of Cash Flows for periods presented prior to the Separation. See additional information related to the impact of the Separation in Item 8, Note 4 to the Consolidated Financial Statements.

Operating segment information for the years ended December 31, 2017, 2016 and 2015 for the Company is included in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and in the related Consolidated Financial Statements in Part II, Item 8.

Narrative Description of Business

General

YUM has over 45,000 restaurants in more than 135 countries and territories. The Company's three concepts of KFC, Pizza Hut and Taco Bell (the “Concepts”), develop, operate or franchise a worldwide system of restaurants which prepare, package and sell a menu of competitively priced food items. Units are operated by the Concepts or by independent franchisees or licensees under the terms of franchise or license agreements, which typically require an initial non-refundable fee upon an individual store opening and the payment of sales-based fees for use of our Concepts' brands. The terms "franchise" or "franchisee" within this Form 10-K are meant to describe third parties that operate units under either franchise or license agreements. Franchisees can range in size from individuals owning just one restaurant to large publicly-traded companies.

Restaurant Concepts

Most restaurants in each Concept offer consumers the ability to dine in and/or carry out food. In addition, Taco Bell and KFC offer a drive-thru option in many stores. Pizza Hut offers a drive-thru option on a much more limited basis. Pizza Hut typically offers delivery service, while, on a more limited but expanding basis, KFC and Taco Bell allow for consumers to have the Concepts' food delivered either through store-level or third-party delivery services. In February 2018, we entered into an agreement with GrubHub, Inc., ("Grubhub") the leading online and mobile take out food-ordering company in the U.S. Under the agreement, Grubhub will provide support in the U.S. for the KFC and Taco Bell branded online delivery channels, along with access to Grubhub's online ordering platform, logistics and last-mile support for delivery orders, and point-of-sale integration to streamline operations.

Each Concept has proprietary menu items and emphasizes the preparation of food with high quality ingredients, as well as unique recipes and special seasonings to provide appealing, tasty and convenient food at competitive prices.

The franchise programs of the Company are designed to promote consistency and quality, and the Company is selective in granting franchises. The Company utilizes both store-level franchise and master franchise programs to grow its businesses. Under store-level franchise agreements, franchisees supply capital – initially by paying a franchise fee to YUM, by purchasing or leasing the land, building, equipment, signs, seating, inventories and supplies and, over the longer term, by reinvesting in the business. In certain refranchising transactions the Company may retain ownership of land and building and lease them to the franchisee. Franchisees contribute to the Company’s revenues by paying non-refundable upfront fees at inception of the franchise agreement and on an ongoing basis through the payment of royalties based on a percentage of sales (usually 4% - 6%). Under master franchise arrangements, the Company enters into agreements that allow master franchisees to operate restaurants as well as sub-franchise within certain geographic territories. Master franchisees are responsible for overseeing development within their territories and collect initial fees and royalties from sub-franchisees. Master franchisees generally pay upfront fees and ongoing royalties at a reduced rate to the Company. Our largest master franchisee, Yum China, pays a 3% license fee on system sales of our Concepts in mainland China to the Company.

The Company believes that it is important to maintain strong and open relationships with its franchisees and their representatives. To this end, the Company invests a significant amount of time working with the franchisee community and their representative organizations on key aspects of the business, including products, equipment, operational improvements and standards and management techniques.

Following is a brief description of each Concept:

KFC

- KFC was founded in Corbin, Kentucky by Colonel Harland D. Sanders, an early developer of the quick service food business and a pioneer of the restaurant franchise concept. The Colonel perfected his secret blend of 11 herbs and spices for Kentucky Fried Chicken in 1939 and signed up his first franchisee in 1952.

- KFC operates in 131 countries and territories throughout the world. As of year end 2017, KFC had 21,487 units, 97 percent of which are franchised.

- KFC restaurants across the world offer fried and non-fried chicken products such as sandwiches, chicken strips, chicken-on-the-bone and other chicken products marketed under a variety of names. KFC restaurants also offer a variety of entrees and side items suited to local preferences and tastes. Restaurant decor throughout the world is characterized by the image of the Colonel.

Pizza Hut

- The first Pizza Hut restaurant was opened in 1958 in Wichita, Kansas, and within a year, the first franchise unit was opened. Today, Pizza Hut is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products.

- Pizza Hut operates in 106 countries and territories throughout the world. As of year end 2017, Pizza Hut had 16,748 units, 99 percent of which are franchised.

- Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Additionally, a growing percentage of Pizza Hut's customer orders are being generated digitally.

- Pizza Hut features a variety of pizzas which are marketed under varying names. Each of these pizzas is offered with a variety of different toppings suited to local preferences and tastes. Many Pizza Huts also offer pasta and chicken wings, including approximately 5,900 stores offering wings under the WingStreet brand in the U.S. Outside the U.S., Pizza Hut casual dining restaurants offer a variety of core menu products other than pizza, which are typically suited to local preferences and tastes. Pizza Hut units feature a distinctive red roof logo on their signage.

Taco Bell

- The first Taco Bell restaurant was opened in 1962 by Glen Bell in Downey, California, and in 1964, the first Taco Bell franchise was sold.

- Taco Bell operates in 27 countries and territories throughout the world. As of year end 2017, there were 6,849 Taco Bell units, primarily in the U.S., 90 percent of which are franchised.

- Taco Bell specializes in Mexican-style food products, including various types of tacos, burritos, quesadillas, salads, nachos and other related items. Taco Bell offers breakfast items in its U.S. stores. Taco Bell units feature a distinctive bell logo on their signage.

Restaurant Operations

Through its Concepts, YUM develops, operates and franchises a worldwide system of both traditional and non-traditional Quick Service Restaurants ("QSR"). Traditional units can feature dine-in, carryout, drive-thru and delivery services. Non-traditional units include express units and kiosks which have a more limited menu, usually generate lower sales volumes and operate in non-traditional locations like malls, airports, gasoline service stations, train stations, subways, convenience stores, stadiums, amusement parks and colleges, where a full-scale traditional outlet would not be practical or efficient.

Restaurant management structure varies by Concept and unit size. Generally, each restaurant is led by a restaurant general manager (“RGM”), together with one or more assistant managers, depending on the operating complexity and sales volume of the restaurant. Each Concept issues detailed manuals, which may then be customized to meet local regulations and customs. These manuals set forth standards and requirements for all aspects of restaurant operations, including food safety and quality, food handling and product preparation procedures, equipment maintenance, facility standards and accounting control procedures. The restaurant management teams are responsible for the day-to-day operation of each unit and for ensuring compliance with operating standards. CHAMPS – which stands for Cleanliness, Hospitality, Accuracy, Maintenance, Product Quality and Speed of Service – is our proprietary systemwide program for training, measuring and rewarding employee performance against key customer measures. CHAMPS is intended to align the operating processes of our entire system around one core set of standards. RGMs’ efforts, including CHAMPS performance measures, are monitored by Area Coaches, where sufficient scale allows. Area Coaches typically work with approximately six to twelve restaurants.

Supply and Distribution

The Company and franchisees of the Concepts are substantial purchasers of a number of food and paper products, equipment and other restaurant supplies. The principal items purchased include chicken, cheese, beef and pork products, paper and packaging materials. The Company has not experienced any significant continuous shortages of supplies, and alternative sources for most of these products are generally available. Prices paid for these supplies fluctuate. When prices increase, the Concepts may attempt to pass on such increases to their customers, although there is no assurance that this can be done practically.

In the U.S., the Company, along with the representatives of the Company’s KFC, Pizza Hut and Taco Bell franchisee groups, are members of Restaurant Supply Chain Solutions, LLC (“RSCS"), which is responsible for purchasing certain restaurant products and equipment. The core mission of RSCS is to provide the lowest possible sustainable store-delivered prices for restaurant products and equipment. This arrangement combines the purchasing power of the Company-owned and franchisee restaurants, which the Company believes leverages the system’s scale to drive cost savings and effectiveness in the purchasing function. The Company also believes that RSCS fosters closer alignment of interests and a stronger relationship with its franchisee community.

Most food products, paper and packaging supplies, and equipment used in restaurant operations are distributed to individual restaurant units by third-party distribution companies. In the U.S., McLane Foodservice, Inc. is the exclusive distributor for the majority of items used in Company-owned restaurants and for a substantial number of franchisee stores.

Outside the U.S., we and our Concepts' franchisees primarily use decentralized sourcing and distribution systems involving many different global, regional and local suppliers and distributors. We and our franchisees have approximately 6,400 food and paper suppliers, including U.S.-based suppliers that export to many countries.

Trademarks and Patents

The Company and its Concepts own numerous registered trademarks and service marks. The Company believes that many of these marks, including its Kentucky Fried Chicken®, KFC®, Pizza Hut® and Taco Bell® marks, have significant value and are materially important to its business. The Company's policy is to pursue registration of its important marks whenever feasible and to oppose vigorously any infringement of its marks.

The use of certain of these marks by franchisees has been authorized in our franchise agreements. Under current law and with proper use, the Company's rights in its marks can generally last indefinitely. The Company also has certain patents on restaurant equipment which, while valuable, are not material to its business.

Working Capital

Information about the Company's working capital is included in MD&A in Part II, Item 7 and the Consolidated Statements of Cash Flows in Part II, Item 8.

Seasonal Operations

The Company does not consider its operations to be seasonal to any material degree.

Competition

The retail food industry, in which our Concepts compete, is made up of supermarkets, supercenters, warehouse stores, convenience stores, coffee shops, snack bars, delicatessens and restaurants (including the QSR segment), and is intensely competitive with respect to price and quality of food products, new product development, digital engagement, advertising levels and promotional initiatives, customer service reputation, restaurant location and attractiveness and maintenance of properties. Competition from delivery aggregators and other food delivery services has also increased in recent years, particularly in urbanized areas. The industry is often affected by changes in consumer tastes; national, regional or local economic conditions; currency fluctuations; demographic trends; traffic patterns; the type, number and location of competing food retailers and products; and disposable purchasing power. Each of the Concepts competes with international, national and regional restaurant chains as well as locally-owned restaurants, not only for customers, but also for management and hourly personnel, suitable real estate sites and qualified franchisees. Given the various types and vast number of competitors, our Concepts do not constitute a significant portion of the retail food industry in terms of number of system units or system sales, either on a worldwide or individual country basis.

Research and Development ("R&D")

The Company operates R&D facilities in Plano, Texas (KFC and Pizza Hut Divisions); Irvine, California (Taco Bell Division); Louisville, Kentucky (KFC U.S.) and several other locations outside the U.S. In addition to Company R&D, we regularly also engage independent suppliers to conduct research and development activities for the benefit of the YUM system. The Company expensed $22 million, $24 million and $25 million in 2017, 2016 and 2015, respectively, for R&D activities.

Environmental Matters

The Company is not aware of any federal, state or local environmental laws or regulations that will materially affect its earnings or competitive position, or result in material capital expenditures. However, the Company cannot predict the effect on its operations of possible future environmental legislation or regulations. During 2017, there were no material capital expenditures for environmental control facilities and no such material expenditures are anticipated.

Government Regulation

U.S. Operations. The Company and its U.S. operations, as well as our franchisees, are subject to various federal, state and local laws affecting its business, including laws and regulations concerning information security, labor and employment, health, marketing, food labeling, sanitation and safety. Each of our and our Concepts' franchisees' restaurants in the U.S. must comply with licensing and regulation by a number of governmental authorities, which include health, sanitation, safety, fire and zoning agencies in the state and/or municipality in which the restaurant is located. In addition, each Concept must comply with various state and federal laws that regulate the franchisor/franchisee relationship. To date, the Company has not been materially adversely affected by such licensing and regulation or by any difficulty, delay or failure to obtain required licenses or approvals.

International Operations. Our and our Concepts' franchisees' restaurants outside the U.S. are subject to national and local laws and regulations which are similar to those affecting U.S. restaurants. The restaurants outside the U.S. are also subject to tariffs and regulations on imported commodities and equipment and laws regulating foreign investment, as well as anti-bribery and anti-corruption laws.

See Item 1A "Risk Factors" for a discussion of risks relating to federal, state, local and international regulation of our business.

Employees

As of year end 2017, the Company and its subsidiaries employed approximately 60,000 persons. The Company believes that it provides working conditions and compensation that compare favorably with those of its principal competitors. The majority of employees are paid on an hourly basis. Some employees are subject to labor council relationships that vary due to the diverse cultures in which the Company operates. The Company and its Concepts consider their employee relations to be good.

Financial Information about Geographic Areas

Financial information about our significant geographic areas is incorporated herein by reference from the related Consolidated Financial Statements in Part II, Item 8.

Available Information

The Company makes available, through the Investor Relations section of its internet website at http://www.yum.com, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after electronically filing such material with the Securities and Exchange Commission ("SEC") at http://www.sec.gov. These reports may also be obtained by visiting the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549 or by calling the SEC at 1 (800) SEC-0330.

Our Corporate Governance Principles and our Code of Conduct are also located within the Investor Relations section of the Company's website. The reference to the Company's website address does not constitute incorporation by reference of the information contained on the website and should not be considered part of this document. These documents, as well as our SEC filings, are available in print free of charge to any shareholder who requests a copy from our Investor Relations Department.

Item 1A. Risk Factors.

You should carefully review the risks described below as they identify important factors that could cause our actual results to differ materially from our forward-looking statements and historical trends.

Food safety and food-borne illness concerns may have an adverse effect on our business.

Food-borne illnesses, such as E. coli, trichinosis, listeria and salmonella, occur or may occur within our system from time to time. In addition, food safety issues such as food tampering, contamination and adulteration occur or may occur within our system from time to time. Any report or publicity linking us or one of our Concepts' restaurants, including restaurants operated by us or our Concepts' franchisees, or linking our competitors or our industry generally, to instances of food-borne illness or food safety issues could adversely affect our Concepts' brands and reputations as well as our revenues and profits, and possibly lead to product liability claims, litigation and damages. If a customer of one of our Concepts becomes ill as a result of food safety issues, restaurants in our system may be temporarily closed, which could disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. In addition, instances or allegations of food-borne illness or food safety issues, real or perceived, involving our restaurants, restaurants of competitors, or suppliers or distributors (regardless of whether we use or have used those suppliers or distributors), or otherwise involving the types of food served at our restaurants, could result in negative publicity that could adversely affect our sales or the sales of our Concepts' franchisees. The occurrence of food-borne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, which could result in disruptions in our supply chain and/or lower margins for us and our Concepts' franchisees.

Health concerns arising from outbreaks of viruses or other diseases may have an adverse effect on our business.

Our business could be materially and adversely affected by the outbreak of a widespread health epidemic, including various strains of avian flu or swine flu, such as H1N1. The occurrence of such an outbreak of an epidemic, illness or other adverse public health developments could materially disrupt our business and operations. Such events could also significantly impact our industry and cause a temporary closure of restaurants, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having the avian flu or swine flu, or other illnesses such as hepatitis A or norovirus, since this could require us or our business partners to quarantine some or all of such employees or disinfect our restaurant facilities. Outbreaks of avian flu occur from time to time around the world, and such outbreaks have resulted in confirmed human cases. It is possible that outbreaks could reach pandemic levels. Public concern over avian flu generally may cause fear about the consumption of chicken, eggs and other products derived from poultry, which could cause customers to consume less poultry and related products. Because poultry is a menu offering for our Concepts, this would likely result in lower revenues and profits for us and our Concepts' franchisees. Avian flu outbreaks could also adversely affect the price and availability of poultry, which could negatively impact our profit margins and revenues.

Furthermore, other viruses may be transmitted through human contact, and the risk of contracting viruses could cause employees or guests to avoid gathering in public places, which could adversely affect restaurant guest traffic or the ability to adequately staff restaurants. We could also be adversely affected if government authorities impose mandatory closures, seek voluntary closures or impose restrictions on operations of restaurants. Even if such measures are not implemented and a virus or other disease does not spread significantly, the perceived risk of infection or health risk may affect our business.

Our operating results and growth strategies are closely and increasingly tied to the success of our Concepts' franchisees.

A significant and growing portion of our restaurants are operated by our Concepts' franchisees. In 2016, we announced our plan to become at least 98% franchised by the end of 2018. Our refranchising efforts have increased, and will continue to increase, our dependence on the financial success and cooperation of our Concepts' franchisees. In addition, our long-term system sales growth targets depend on an acceleration of our historical net system unit growth rate. Nearly all of this unit growth is expected to result from new unit openings by our Concepts' franchisees. If our Concepts' franchisees do not meet our expectations for new unit development, we may fall short of our system sales growth targets.

We have limited control over how our Concepts' franchisees' businesses are run, and their inability to operate successfully could adversely affect our operating results through decreased royalty payments. If our Concepts' franchisees incur too much debt, if their operating expenses or commodity prices increase or if economic or sales trends deteriorate such that they are unable to operate profitably or repay existing debt, it could result in their financial distress, including insolvency or bankruptcy. If a significant franchisee of one of our Concepts becomes, or a significant number of our Concepts' franchisees in the aggregate become, financially distressed, our operating results could be impacted through reduced or delayed royalty payments and reduced new unit development. In addition, we are contingently liable on certain of our Concepts' franchisees' lease agreements, including lease agreements that we have guaranteed or assigned to franchisees in connection with the refranchising of certain Company-owned restaurants. Our operating results could be impacted by any increased rent obligations for such leased properties to the extent our Concepts' franchisees default on such lease agreements.

Our success also depends on the willingness and ability of our Concepts' franchisees to implement major initiatives such as restaurant remodels or equipment or technology upgrades, which may require financial investment. Our Concepts may be unable to successfully implement strategies that we believe are necessary for further growth if their franchisees do not participate, which in turn may harm the growth prospects and financial condition of the Company. Additionally, the failure of our Concepts' franchisees to focus on the fundamentals of restaurant operations, such as quality service and cleanliness (even if such failures do not rise to the level of breaching the related franchise documents), could have a negative impact on our business.

We may not successfully implement our transformation initiatives or fully realize the anticipated benefits from the transformation.

We are in the process of implementing our strategic transformation plans to drive global expansion of our KFC, Pizza Hut and Taco Bell brands. Among other things, this transformation includes a plan to become at least 98% franchised by the end of 2018 and to significantly reduce annual capital expenditures and our general and administrative costs, each by the end of 2019. We cannot assure you that we will be able to successfully implement our transformation initiatives. Further, our ability to achieve the anticipated benefits of this transformation, including the anticipated levels of cost savings and efficiency, within expected timeframes is subject to many estimates and assumptions, which are, in turn, subject to significant economic, competitive and other uncertainties, some of which are beyond our control. There is no assurance that we will successfully implement, or fully realize the anticipated positive impact of, our transformation initiatives, or execute successfully on our transformation strategy, in the expected timeframes or at all. In addition, there can be no assurance that our efforts, if properly executed, will result in our desired outcome of improved financial performance.

We have significant exposure to the Chinese market through our largest franchisee, Yum China, which subjects us to risks that could negatively affect our business.

In connection with the Separation, we entered into a Master License Agreement with Yum China pursuant to which Yum China is the exclusive licensee of the KFC, Pizza Hut and Taco Bell Concepts and their related marks and other intellectual property rights for restaurant services in China. Following the Separation, Yum China became, and continues to be, our largest franchisee. As a result, our overall financial results are significantly affected by Yum China’s results. Yum China's business is exposed to risks in China, which include, among others, changes in economic conditions (including consumer spending, unemployment levels and wage and commodity inflation), consumer preferences, and the regulatory environment, as well as increased media scrutiny of our Concepts and industry, fluctuations in foreign exchange rates and increased competition. Further, any significant or prolonged deterioration in U.S.-China relations could adversely affect our Concepts in China if Chinese consumers reduce the frequency of their visits to Yum China’s restaurants. Chinese law regulates Yum China's business conducted within China. Our royalty income from the Yum China business is therefore subject to numerous uncertainties based on the policies of the Chinese government, as they may change from time to time.

Our relationship with Yum China is governed by a Master License Agreement, which may be terminated upon the occurrence of certain events, such as the insolvency or bankruptcy of Yum China. In addition, if we are unable to enforce our intellectual property or contract rights in China, if Yum China is unable or unwilling to satisfy its obligations under the Master License Agreement, or if the Master License Agreement is otherwise terminated, it could result in an interruption in the operation of our brands that have been exclusively licensed to Yum China for use in China. Such interruption could cause a delay in, or loss of, royalty income to us, which would negatively impact our financial results.

Our international operations subject us to risks that could negatively affect our business.

A significant portion of our Concepts’ restaurants are operated in countries and territories outside of the U.S., including in emerging markets, and we intend to continue expansion of our international operations. As a result, our business is increasingly exposed to risks inherent in international operations. These risks, which can vary substantially by country, include political instability, corruption, anti-American sentiment and social and ethnic unrest, as well as changes in economic conditions (including consumer spending, unemployment levels and wage and commodity inflation), the regulatory environment, income and non-income based tax rates and laws, sanctions, foreign exchange control regimes, consumer preferences and the laws and policies that govern foreign investment in countries where our restaurants are operated. In addition, our franchisees do business in jurisdictions that may be subject to trade or economic sanction regimes and such sanctions could be expanded. Any failure to comply with such sanction regimes or other similar laws or regulations could result in the assessment of damages, the imposition of penalties, suspension of business licenses, or a cessation of operations at our franchisees’ businesses, as well as damage to our and our Concepts’ brands’ images and reputations, all of which could harm our profitability.

Foreign currency risks and foreign exchange controls could adversely affect our financial results.

Our results of operations and the value of our foreign assets are affected by fluctuations in currency exchange rates, which may adversely affect reported earnings. More specifically, an increase in the value of the U.S. dollar relative to other currencies, such as the Chinese Renminbi (“RMB”), Australian Dollar, the British Pound and the Euro, as well as currencies in certain other markets, such as the Malaysian Ringgit and Russian Ruble, could have an adverse effect on our reported earnings. There can be no assurance as to the future effect of any such changes on our results of operations, financial condition or cash flows. In addition, the Chinese government restricts the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. Yum China’s income is almost exclusively derived from the earnings of its Chinese subsidiaries, with substantially all revenues of its Chinese subsidiaries denominated in RMB. Any significant fluctuation in the value of the RMB could materially impact the U.S. dollar value of royalty payments made to us by Yum China, which could result in lower revenues. In addition restrictions on the conversion of RMB to U.S. dollars or further restrictions on the remittance of currency out of China could result in delays in the remittance of Yum China’s license fee, which could impact our liquidity.

Failure to protect the integrity and security of personal information of our customers and employees could result in substantial costs, expose us to litigation and damage our reputation.

We receive and maintain certain personal, financial and other information about our customers, employees and franchisees. In addition, our vendors and/or franchisees receive and maintain certain personal, financial and other information about our employees and customers. The use and handling of this information is regulated by evolving and increasingly demanding laws and regulations in various jurisdictions, as well as by certain third-party contracts. If our security and information systems are compromised as a result of data corruption or loss, cyber-attack or a network security incident or if our employees, franchisees or vendors fail to comply with these laws and regulations and this information is obtained by unauthorized persons or used inappropriately, it could result in liabilities and penalties and could damage our reputation, cause us to incur substantial costs and result in a loss of customer confidence, which could adversely affect our results of operations and financial condition. Additionally, we could be subject to litigation and government enforcement actions as a result of any such failure.

Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries where we, our Concepts and our Concepts' franchisees do business. For example, the European Union adopted a new regulation that becomes effective in May 2018, The General Data Protection Regulation ("GDPR"), which requires companies to meet new requirements regarding the handling of personal data. Our failure to adhere to or successfully implement appropriate processes to adhere to the requirements of GDPR and other laws and regulations in this area could result in financial penalties, legal liability and could damage our and our Concepts' brands' reputations.

There are risks associated with our increasing dependence on digital commerce platforms to maintain and grow sales. In addition, aspects of our information technology systems may experience disruptions, which could harm our ability to compete and conduct our business.

Customers are increasingly using e-commerce websites and apps, both domestically and internationally, like pizzahut.com, Pizza Hut, KFC and Taco Bell apps, as well as apps owned by third-party delivery aggregators such as Grubhub and third-party mobile payment processors, to order and pay for our Concepts' products. As a result, our Concepts and our Concepts' franchisees are increasingly reliant on digital ordering and payment as a sales channel. These digital ordering and payment platforms could be damaged or interrupted by power loss, technological failures, user errors, cyber-attacks, other forms of sabotage or acts of God. In particular, Pizza Hut relies on digital orders for a significant portion of its sales and could experience interruptions of its digital ordering platforms, which could limit or delay customers' ability to order through such platforms. Any such limitation or delay would negatively impact Pizza Hut's sales and customer experience and perception. In addition, if Pizza Hut's digital ordering platforms do not meet customers' expectations in terms of security, speed, attractiveness, or ease of use, customers may be less inclined to return to such digital ordering platforms, which could negatively impact our sales, results of operations and financial condition.

In addition, Yum China, our largest franchisee, relies heavily on third-party mobile payment apps such as Alipay and WeChat as a means through which to generate sales and process payments. Should customers become unable to access mobile payment apps in China, or should the relationship between Yum China and one or more third-party mobile payment processors become interrupted, our results of operations could be negatively impacted.

Our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media could adversely impact our business.

In recent years, there has been a marked increase in the use of social media platforms, including blogs, chat platforms, social media websites, and other forms of Internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. The rising popularity of social media and other consumer-oriented technologies has increased the speed and accessibility of information dissemination. Many social media platforms immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. Information posted on such platforms at any time may be adverse to our interests and/or may be inaccurate. The dissemination of information via social media could harm our business, reputation, financial condition, and results of operations, regardless of the information's accuracy. The damage may be immediate without affording us an opportunity for redress or correction.

In addition, social media is frequently used by our Concepts to communicate with their respective customers and the public in general. Failure by our Concepts to use social media effectively or appropriately, particularly as compared to our Concepts' respective competitors, could lead to a decline in brand value, customer visits and revenue. Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our Concepts' brands, exposure of personally identifiable information, fraud, hoaxes or malicious dissemination of false information. The inappropriate use of social media by our customers or employees could increase our costs, lead to litigation or result in negative publicity that could damage our reputation and adversely affect our results of operations.

Shortages or interruptions in the availability and delivery of food and other supplies may increase costs or reduce revenues.

The products sold by our Concepts and their franchisees are sourced from a wide variety of domestic and international suppliers. We, along with our Concepts' franchisees, are also dependent upon third parties to make frequent deliveries of food products and supplies that meet our specifications at competitive prices. Shortages or interruptions in the supply of food items and other supplies to our Concepts' restaurants could adversely affect the availability, quality and cost of items we use and the operations of our restaurants. Such shortages or disruptions could be caused by inclement weather, natural disasters, inaccurate forecasting of customer demand, problems in production or distribution, restrictions on imports or exports, the inability of vendors to obtain credit, political instability in the countries in which suppliers and distributors are located, the financial instability of suppliers and distributors, suppliers' or distributors' failure to meet our standards, product quality issues, inflation, other factors relating to the suppliers and distributors and the countries in which they are located, food safety warnings or advisories or the prospect of such pronouncements, the cancellation of supply or distribution agreements or an inability to renew such arrangements or to find replacements on commercially reasonable terms, or other conditions beyond our control or the control of our Concepts' franchisees. In the U.S., the Company, along with representatives of the Company's KFC, Pizza Hut and Taco Bell franchisee groups, are members of Restaurant Supply Chain Solutions, LLC ("RSCS"), which is responsible for purchasing certain restaurant products and equipment. Any failure or inability of RSCS to perform its purchasing obligations could result in shortages or interruptions in the availability of food and other supplies.

A shortage or interruption in the availability of certain food products or supplies could increase costs and limit the availability of products critical to restaurant operations, which in turn could lead to restaurant closures and/or a decrease in sales. In addition, failure by a key supplier or distributor for our Concepts and/or our Concepts' franchisees to meet its service requirements could lead to a disruption of service or supply until a new supplier or distributor is engaged, and any disruption could have an adverse effect on our business.

We may not achieve our target development goals, aggressive development could cannibalize existing sales and new restaurants may not be profitable.

Our growth strategy depends on our and our Concepts' franchisees' ability to increase our net restaurant count in markets around the world, especially in emerging markets. The successful development of new units depends in large part on the ability of our Concepts' franchisees to open new restaurants and to operate these restaurants profitably. We cannot guarantee that we, or our Concepts' franchisees, including Yum China, will be able to achieve our expansion goals or that new restaurants will be operated profitably. Further, there is no assurance that any new restaurant will produce operating results similar to those of our existing restaurants. Other risks that could impact our ability to increase the number of our restaurants include prevailing economic conditions and trade or economic sanctions and our, or our Concepts' franchisees', ability to obtain suitable restaurant locations, negotiate acceptable lease or purchase terms for the locations, obtain required permits and approvals in a timely manner, hire and train qualified restaurant crews and meet construction schedules.

Expansion into target markets could also be affected by our Concepts' franchisees' ability to obtain financing to construct and open new restaurants. If it becomes more difficult or more expensive for our Concepts' franchisees to obtain financing to develop new restaurants, the expected growth of our system could slow and our future revenues and operating cash flows could be adversely impacted.

In addition, the development of new restaurants could impact the sales of our Concepts' existing restaurants nearby. There can be no assurance that sales cannibalization will not occur or become more significant in the future as we increase our presence in existing markets.

Labor shortages or difficulty finding qualified employees could slow our growth, harm our business and reduce our profitability.

Restaurant operations are highly service-oriented and our success depends in part upon our and our Concepts' franchisees' ability to attract, retain and motivate a sufficient number of qualified employees, including restaurant managers and other crew members. The market for qualified employees in our industry is very competitive. Any future inability to recruit and retain qualified individuals may delay the planned openings of new restaurants by us and our Concepts' franchisees and could adversely impact operation of our Concepts' existing restaurants. Any such delays, material increases in employee turnover rate in existing restaurants or widespread employee dissatisfaction could have a material adverse effect on our and our Concepts' franchisees' business and results of operations.

In addition, strikes, work slowdowns or other job actions may become more common. In the event of a strike, work slowdown or other labor unrest, the ability to adequately staff our Concepts' restaurants could be impaired, which could result in reduced revenue and customer claims, and may distract our management from focusing on our business and strategic priorities.

Changes in labor and other operating costs could adversely affect our results of operations.

An increase in the costs of employee wages, benefits and insurance (including workers' compensation, general liability, property and health) as well as other operating costs such as rent and energy costs could adversely affect our operating results. Such increases could result from government imposition of higher minimum wages or from general economic or competitive conditions. Any increase in such operating expenses could adversely affect our and our Concepts' franchisees' profit margins. In addition, competition for qualified employees could also compel us or our Concepts' franchisees to pay higher wages to attract or retain key crew members, which could result in higher labor costs and decreased profitability.

The standard for determining joint employer status could adversely affect our business operations and increase our liabilities resulting from actions by our Concepts' franchisees.

The National Labor Relations Board's (the "NLRB") standard for determining when two or more otherwise unrelated employers may be found to be a joint employer of the same employees under the National Labor Relations Act is uncertain and subject to change. In addition, the general counsel's office of the NLRB has issued complaints naming McDonald's Corporation as a joint employer of workers at its franchisees for alleged violations of the U.S. Fair Labor Standards Act. The NLRB's joint employer liability standard could cause us or our Concepts to be liable or held responsible for unfair labor practices, violations of wage and hour laws, and other violations and could also require our Concepts to conduct collective bargaining negotiations regarding employees of our Concepts' franchisees. Further, there is no assurance that we or our Concepts will not receive similar complaints as McDonald's Corporation in the future, which could result in legal proceedings based on the actions of our Concepts' franchisees. In such events, our operating expenses may increase as a result of required modifications to our business practices, increased litigation, governmental investigations or proceedings, administrative enforcement actions, fines and civil liability.

An increase in food prices may have an adverse impact on our and our Concepts' franchisees' profit margins.

Our and our Concepts' franchisees' businesses depend on reliable sources of large quantities of raw materials such as proteins (including poultry, pork, beef and seafood), cheese, oil, flour and vegetables (including potatoes and lettuce). Raw materials purchased for use in our Concepts' restaurants are subject to price volatility caused by any fluctuation in aggregate supply and demand, or other external conditions, such as weather conditions or natural events or disasters that affect expected harvests of such raw materials. As a result, the historical prices of raw materials used in the operation of our Concepts' restaurants have fluctuated. We cannot assure you that we or our Concepts' franchisees will continue to be able to purchase raw materials at reasonable prices, or that the cost of raw materials will remain stable in the future. In addition, a significant increase in gasoline prices could result in the imposition of fuel surcharges by our distributors.

Because we and our Concepts' franchisees provide competitively priced food, we may not have the ability to pass through to our customers the full amount of any commodity price increases. If we and our Concepts' franchisees are unable to manage the cost of raw materials or to increase the prices of products proportionately, our and our franchisees' profit margins may be adversely impacted.

Our Concepts' brands may be limited or diluted through franchisee and third-party activity.

Although we monitor and regulate franchisee activities through our Concepts' franchise agreements, franchisees or other third parties may refer to or make statements about our Concepts' brands that do not make proper use of our trademarks or required designations, that improperly alter trademarks or branding, or that are critical of our Concepts' brands or place our Concepts' brands in a context that may tarnish their reputation. This may result in dilution of, or harm to, our intellectual property or the value of our Concepts' brands.

Franchisee noncompliance with the terms and conditions of our franchise agreements may reduce the overall goodwill of our Concepts' brands, whether through the failure to meet health and safety standards, engage in quality control or maintain product consistency, or through the participation in improper or objectionable business practices. Moreover, unauthorized third parties, including our Concepts' current and former franchisees, may use our intellectual property to trade on the goodwill of our Concepts' brands, resulting in consumer confusion or dilution. Any reduction of our Concepts' brands' goodwill, consumer confusion, or dilution is likely to impact sales, and could materially and adversely impact our business and results of operations.

Our success depends substantially on our corporate reputation and on the value and perception of our brands.

Our success depends in large part upon our ability and our Concepts' franchisees' ability to maintain and enhance the value of our brands and our customers' loyalty to our brands. Brand value is based in part on consumer perceptions on a variety of subjective

qualities. Business incidents, whether isolated or recurring, and whether originating from us, franchisees, competitors, suppliers or distributors, can significantly reduce brand value and consumer trust, particularly if the incidents receive considerable publicity or result in litigation. For example, our Concepts' brands could be damaged by claims or perceptions about the quality or safety of our products or the quality or reputation of our suppliers, distributors or franchisees, regardless of whether such claims or perceptions are true. Similarly, entities in our supply chain may engage in conduct, including alleged human rights abuses or environmental wrongdoing, and any such conduct could damage our or our Concepts' brands' reputations. Any such incidents (even if resulting from actions of a competitor or franchisee) could cause a decline directly or indirectly in consumer confidence in, or the perception of, our Concepts' brands and/or our products and reduce consumer demand for our products, which would likely result in lower revenues and profits. Additionally, our corporate reputation could suffer from a real or perceived failure of corporate governance or misconduct by a Company officer, or an employee or representative of us or a franchisee.

We could be party to litigation that could adversely affect us by increasing our expenses, diverting management attention or subjecting us to significant monetary damages and other remedies.

We are regularly involved in legal proceedings, which include consumer, employment, real estate related, tort, intellectual property, breach of contract, securities, derivative and other litigation. See the discussion of legal proceedings in Note 20 to the Consolidated Financial Statements included in Item 8 of this Form 10-K. Plaintiffs in these types of lawsuits often seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may not be accurately estimated. Regardless of whether any such claims have merit, or whether we are ultimately held liable or settle, such litigation may be expensive to defend and may divert resources and management attention away from our operations and negatively impact reported earnings. With respect to insured claims, a judgment for monetary damages in excess of any insurance coverage could adversely affect our financial condition or results of operations. Any adverse publicity resulting from these allegations may also adversely affect our reputation, which in turn could adversely affect our results of operations.

In addition, the restaurant industry around the world has been subject to claims that relate to the nutritional content of food products, as well as claims that the menus and practices of restaurant chains have led to customer health issues, including weight gain and other adverse effects. These concerns could lead to an increase in the regulation of the content or marketing of our products. We may also be subject to such claims in the future and, even if we are not, publicity about these matters (particularly directed at the quick service and fast-casual segments of the retail food industry) may harm our reputation and adversely affect our business, financial condition and results of operations.

Changes in, or noncompliance with, governmental regulations may adversely affect our business operations, growth prospects or financial condition.

Our Concepts and their franchisees are subject to numerous laws and regulations around the world. These laws change regularly and are increasingly complex. For example, we are subject to:

- The Americans with Disabilities Act in the U.S. and similar state laws that give civil rights protections to individuals with disabilities in the context of employment, public accommodations and other areas.
- The U.S. Fair Labor Standards Act, which governs matters such as minimum wages, overtime and other working conditions, as well as family leave mandates and a variety of similar state laws that govern these and other employment law matters.
- Laws and regulations in government-mandated health care benefits such as the Patient Protection and Affordable Care Act.
- Laws and regulations relating to nutritional content, nutritional labeling, product safety, product marketing and menu labeling.
- Laws relating to state and local licensing.
- Laws relating to the relationship between franchisors and franchisees.
- Laws and regulations relating to health, sanitation, food, workplace safety, child labor, including laws prohibiting the use of certain "hazardous equipment" by employees younger than the age of 18 years of age, and fire safety and prevention.
- Laws and regulations relating to union organizing rights and activities.
- Laws relating to information security, privacy (including the European Union's GDPR, which will become effective in May 2018), cashless payments, and consumer protection.
- Laws relating to currency conversion or exchange.
- Laws relating to international trade and sanctions.
- Tax laws and regulations.
- Anti-bribery and anti-corruption laws.
- Environmental laws and regulations.
- Federal and state immigration laws and regulations in the U.S.

Compliance with new or existing laws and regulations could impact our or our Concepts' franchisees' operations. The compliance costs associated with these laws and regulations could be substantial. Any failure or alleged failure to comply with these laws or regulations could adversely affect our reputation, international expansion efforts, growth prospects and financial results or result in, among other things, litigation, revocation of required licenses, internal investigations, governmental investigations or proceedings, administrative enforcement actions, fines and civil and criminal liability. Publicity relating to any such noncompliance could also harm our reputation and adversely affect our revenues.

Failure to comply with anti-bribery or anti-corruption laws could adversely affect our business operations.

The U.S. Foreign Corrupt Practices Act, the UK Bribery Act and other similar applicable laws prohibiting bribery of government officials and other corrupt practices are the subject of increasing emphasis and enforcement around the world. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors, agents or other third parties will not take actions in violation of our policies or applicable law, particularly as we expand our operations in emerging markets and elsewhere. Any such violations or suspected violations could subject us to civil or criminal penalties, including substantial fines and significant investigation costs, and could also materially damage our reputation, brands, international expansion efforts and growth prospects, business and operating results. Publicity relating to any noncompliance or alleged noncompliance could also harm our reputation and adversely affect our revenues and results of operations.

Tax matters, including changes in tax rates or laws, disagreements with taxing authorities and imposition of new taxes could impact our results of operations and financial condition.

We are subject to income taxes as well as non-income based taxes, such as payroll, sales, use, value-added, net worth, property, withholding and franchise taxes in both the U.S. and various foreign jurisdictions. We are also subject to ongoing and/or regular reviews, examinations and audits by the U.S. Internal Revenue Service ("IRS") and other taxing authorities with respect to such income and non-income based taxes inside and outside of the U.S. In connection with the Organisation for Economic Co-operation and Development's Base Erosion and Profit Shifting project, companies are now required to disclose more information to tax authorities on their global operations, which may lead to greater audit scrutiny of profits earned in various countries. Our accruals for tax liabilities are based on past experience, interpretations of applicable law, and judgments about potential actions by tax authorities, but because such accruals require significant judgment the ultimate resolution of any tax matters may result in payments greater than the amounts accrued. If the IRS or another taxing authority disagrees with our tax positions, we could face additional tax liabilities, including interest and penalties. Payment of additional amounts upon final settlement or adjudication of any disputes could have a material impact on our results of operations and financial position.

In addition, we are directly and indirectly affected by new tax laws and regulation and the interpretation of tax laws and regulations worldwide. Changes in laws, regulation or interpretation of existing laws and regulations in the U.S. and other jurisdictions where we are subject to taxation could increase our taxes and have an adverse effect on our results of operations and financial condition.

On December 22, 2017, the U.S. government enacted comprehensive Federal tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "Tax Act") which significantly modifies the U.S. corporate income tax system. Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, we have made reasonable estimates of its effects and recorded provisional amounts for the year ended December 31, 2017, consistent with applicable SEC guidance. (See details of the charge we recorded upon enactment of the Tax Act in Note 18 to the Consolidated Financial Statements included in Item 8 of this Form 10-K.) These provisional amounts include a one-time mandatory deemed repatriation tax on accumulated foreign earnings, the remeasurement of certain net deferred tax assets and liabilities and the establishment of a valuation allowance on our foreign tax credits. We are continuing to evaluate the Tax Act and its requirements, as well as its application to our business and its impact on our ongoing effective tax rate. The final impacts of the Tax Act may differ from current estimates and provisional amounts recorded, possibly materially, due to, among other things, changes in interpretations of the Tax Act, changes in accounting standards for income taxes or related accounting interpretations in response to the Tax Act, or updates or changes to estimates the Company has utilized to calculate the provisional impacts.

The Yum China spin-off and certain related transactions could result in substantial U.S. tax liability.

We received opinions of outside counsel substantially to the effect that, for U.S. federal income tax purposes, the Yum China spin-off and certain related transactions qualified as generally tax-free under Sections 355 and 361 of the U.S. Internal Revenue Code. The opinions relied on various facts and assumptions, as well as certain representations as to factual matters and undertakings (including with respect to future conduct) made by Yum China and us. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, we may not be able to rely on these opinions of outside counsel. Accordingly, notwithstanding receipt of the opinions of outside counsel, the conclusions reached in the tax opinions may be challenged by the

IRS. Because the opinions are not binding on the IRS or the courts, there can be no assurance that the IRS or the courts will not prevail in any such challenge.

If, notwithstanding receipt of any opinion, the IRS were to conclude that the Yum China spin-off was taxable, in general, we would recognize taxable gain as if we had sold the Yum China common stock in a taxable sale for its fair market value. In addition, each U.S. holder of our Common Stock who received shares of Yum China common stock in connection with the spin-off transaction would generally be treated as having received a taxable distribution of property in an amount equal to the fair market value of the shares of Yum China common stock received. That distribution would be taxable to each such U.S. stockholder as a dividend to the extent of our current and accumulated earnings and profits. For each such U.S. stockholder, any amount that exceeded our earnings and profits would be treated first as a non-taxable return of capital to the extent of such stockholder's tax basis in our shares of Common Stock with any remaining amount being taxed as a capital gain.

The Yum China spin-off may be subject to China indirect transfer tax.

In February 2015, the Chinese State Administration of Taxation ("SAT") issued the Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises ("Bulletin 7"). Pursuant to Bulletin 7, an "indirect transfer" of Chinese taxable assets, including equity interests in a China resident enterprise ("Chinese interests"), by a non-resident enterprise, may be recharacterized and treated as a direct transfer of Chinese taxable assets, if such arrangement does not have reasonable commercial purpose and the transferor has avoided payment of Chinese enterprise income tax. Using general anti-tax avoidance provisions, the SAT may treat an indirect transfer as a direct transfer of Chinese interests if the transfer has avoided Chinese tax by way of an arrangement without reasonable commercial purpose. As a result, gains derived from such indirect transfer may be subject to Chinese enterprise income tax, and the transferee or other person who is obligated to pay for the transfer would be obligated to withhold the applicable taxes, currently at a rate of up to 10% of the capital gain in the case of an indirect transfer of equity interests in a China resident enterprise.

We evaluated the potential applicability of Bulletin 7 in connection with the Separation in the form of a tax free restructuring and believe it is more likely than not that Bulletin 7 does not apply. We believe that the restructuring has reasonable commercial purpose.

However, there are significant uncertainties regarding what constitutes a reasonable commercial purpose, how the safe harbor provisions for group restructurings are to be interpreted and how the Chinese tax authorities will ultimately view the spin-off. As a result, our position could be challenged by the Chinese tax authorities resulting in a tax at a rate of 10% assessed on the difference between the fair market value and the tax basis of Yum China. As our tax basis in Yum China was minimal, the amount of such a tax could be significant and have a material adverse effect on our results of operations and our financial condition.

Failure to protect our service marks or other intellectual property could harm our business.

We regard our Yum®, KFC®, Pizza Hut® and Taco Bell® service marks, and other service marks and trademarks related to our restaurant businesses, as having significant value and being important to our marketing efforts. We rely on a combination of protections provided by contracts, copyrights, patents, trademarks, service marks and other common law rights, such as trade secret and unfair competition laws, to protect our restaurants and services from infringement. We have registered certain trademarks and service marks in the U.S. and foreign jurisdictions. However, from time to time we become aware of names and marks identical or confusingly similar to our service marks being used by other persons. Although our policy is to oppose any such infringement, further or unknown unauthorized uses or other misappropriation of our trademarks or service marks could diminish the value of our brands and adversely affect our business. In addition, effective intellectual property protection may not be available in every country in which our Concepts have, or intend to open or franchise, a restaurant. There can be no assurance that these protections will be adequate, and defending or enforcing our service marks and other intellectual property could result in the expenditure of significant resources. We may also face claims of infringement that could interfere with the use of the proprietary know-how, concepts, recipes, or trade secrets used in our business. Defending against such claims may be costly, and we may be prohibited from using such proprietary information in the future or forced to pay damages, royalties, or other fees for using such proprietary information, any of which could negatively affect our business, reputation, financial condition, and results of operations.

Our business may be adversely impacted by changes in consumer discretionary spending and general economic conditions.

Purchases at our Concepts' restaurants are discretionary for consumers and, therefore, our results of operations are susceptible to economic slowdowns and recessions. Our results of operations are dependent upon discretionary spending by consumers, which may be affected by general economic conditions globally or in one or more of the markets we serve. Some of the factors that impact discretionary consumer spending include unemployment rates, fluctuations in the level of disposable income, the price of gasoline, stock market performance and changes in the level of consumer confidence. These and other macroeconomic factors could have an adverse effect on our sales, profitability or development plans, which could harm our financial condition and operating results.

The retail food industry in which we operate is highly competitive.

The retail food industry in which we operate is highly competitive with respect to price and quality of food products, new product development, digital engagement, advertising levels and promotional initiatives, customer service, reputation, restaurant location, and attractiveness and maintenance of properties. If consumer or dietary preferences change, if our marketing efforts are unsuccessful, or if our Concepts' restaurants are unable to compete successfully with other retail food outlets in new and existing markets, our business could be adversely affected. We also face growing competition as a result of convergence in grocery, convenience, deli and restaurant services, including the offering by the grocery industry of convenient meals, including pizzas and entrees with side dishes. Competition from delivery aggregators and other food delivery services has also increased in recent years, particularly in urbanized areas, and is expected to continue to increase. Increased competition could have an adverse effect on our sales, profitability or development plans, which could harm our financial condition and operating results.

Our substantial indebtedness makes us more sensitive to adverse economic conditions, may limit our ability to plan for or respond to significant changes in our business, and requires a significant amount of cash to service our debt payment obligations that we may be unable to generate or obtain.

In connection with the announcement of our strategic transformation plans, we have increased our indebtedness from approximately $4 billion to approximately $10 billion. The proceeds from the debt were primarily used to return capital to shareholders through share repurchases and dividends. Subject to the limits contained in the agreements governing our indebtedness, we may be able to incur additional debt from time to time, which would intensify the risks related to our high level of indebtedness.

Specifically, our high level of indebtedness could have important potential consequences, including, but not limited to:

- increasing our vulnerability to, and reducing our flexibility to plan for and respond to, adverse economic and industry conditions and changes in our business and the competitive environment;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, dividends, share repurchases or other corporate purposes;
- increasing our vulnerability to a further downgrade of our credit rating, which could adversely affect our cost of funds, liquidity and access to capital markets;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- placing us at a disadvantage compared to other less leveraged competitors or competitors with comparable debt at more favorable interest rates;
- increasing our exposure to the risk of increased interest rates insofar as current and future borrowings are subject to variable rates of interest;
- making it more difficult for us to repay, refinance or satisfy our obligations with respect to our debt;
- limiting our ability to borrow additional funds in the future and increasing the cost of any such borrowing;
- imposing restrictive covenants on our operations, which, if not complied with, could result in an event of default, which in turn, if not cured or waived, could result in the acceleration of the applicable debt, and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies; and
- increasing our exposure to risks related to fluctuations in foreign currency as we earn profits in a variety of currencies around the world and our debt is denominated in U.S. dollars.

There is no assurance that we will generate cash flow from operations or that future debt or equity financings will be available to us to enable us to pay our indebtedness or to fund other liquidity needs. If our business does not generate sufficient cash flow from operation in the amounts projected or at all, or if future borrowings are not available to us in amounts sufficient to pay our indebtedness or to fund other liquidity needs, our financial condition and results of operations may be adversely affected. As a result, we may need to refinance all or a portion of our indebtedness on or before maturity. There is no assurance that we will be

able to refinance any of our indebtedness on favorable terms, or at all. Any inability to generate sufficient cash flow or refinance our indebtedness on favorable terms could have a material adverse effect on our business and financial condition.

Item 1B. Unresolved Staff Comments.

The Company has received no written comments regarding its periodic or current reports from the staff of the Securities and Exchange Commission that were issued 180 days or more preceding the end of its 2017 fiscal year and that remain unresolved.

Item 2. Properties.

As of year end 2017, the Company's Concepts owned land, building or both for 580 units and leased land, building or both for 901 properties worldwide in connection with the operation of Company-owned restaurants. These units are further detailed as follows:

- The KFC Division owned land, building or both for 184 units and leased land, building or both for 484 units.
- The Pizza Hut Division owned land, building or both for 9 units and leased land, building or both for 151 units.
- The Taco Bell Division owned land, building or both for 387 units and leased land, building or both for 266 units.

The Company currently owns or leases land, building or both related to approximately 900 units, not included in the property counts above, that it leases or subleases to franchisees, principally in the U.S., United Kingdom, Germany, Australia and France.

Company-owned restaurants in the U.S. with leases are generally leased for initial terms of 15 or 20 years and generally have renewal options; however, Pizza Hut delivery/carryout units in the U.S. generally are leased for significantly shorter initial terms with shorter renewal options. Company-owned restaurants outside the U.S. with leases have initial lease terms and renewal options that vary by country.

The KFC Division and Pizza Hut Division corporate headquarters and a KFC and Pizza Hut research facility in Plano, Texas are owned by Pizza Hut. Taco Bell leases its corporate headquarters and research facility in Irvine, California. The YUM corporate headquarters and a KFC research facility in Louisville, Kentucky are owned by KFC. Additional information about the Company's properties is included in the Consolidated Financial Statements in Part II, Item 8.

The Company believes that its properties are generally in good operating condition and are suitable for the purposes for which they are being used.

Item 3. Legal Proceedings.

The Company is subject to various lawsuits covering a variety of allegations. The Company believes that the ultimate liability, if any, in excess of amounts already provided for these matters in the Consolidated Financial Statements, is not likely to have a material adverse effect on the Company's annual results of operations, financial condition or cash flows. Matters faced by the Company include, but are not limited to, claims from franchisees, suppliers, employees, customers and others related to operational, contractual or employment issues as well as claims that the Company has infringed on third-party intellectual property rights. In addition, the Company brings claims from time-to-time relating to infringement of, or challenges to, our intellectual property, including registered marks. Finally, as a publicly-traded company, disputes arise from time-to-time with our shareholders, including allegations that the Company breached federal securities laws or that officers and/or directors breached fiduciary duties. Descriptions of significant current specific claims and contingencies, if any, appear in Note 20, Contingencies, to the Consolidated Financial Statements included in Part II, Item 8, which is incorporated by reference into this item.

Item 4. Mine Safety Disclosures.

Not applicable.

Executive Officers of the Registrant.

The executive officers of the Company as of February 21, 2018, and their ages and current positions as of that date are as follows:

Greg Creed, 60, is Chief Executive Officer of YUM. He has served in this position since January 2015. He served as Chief Executive Officer of Taco Bell Division from January 2014 to December 2014 and as Chief Executive Officer of Taco Bell U.S. from 2011 to December 2013. Prior to this position, Mr. Creed served as President and Chief Concept Officer of Taco Bell U.S., a position he held beginning in December 2006.

Roger Eaton, 57, is Chief Executive Officer of KFC Division, a position he has held since August 2015. Prior to that, he served as President of KFC Division from January 2014 to August 2015 and as Chief Operations Officer of YUM from November 2011 to August 2015. Prior to these positions, Mr. Eaton served as Chief Executive Officer of KFC U.S. and YUM Operational Excellence Officer from February 2011 to November 2011.

David Gibbs, 54, is President and Chief Financial Officer of YUM. He has served in this position since May 2016. Prior to this position, he served as Chief Executive Officer of Pizza Hut Division from January 2015 to April 2016. From January 2014 to December 2014, Mr. Gibbs served as President of Pizza Hut U.S. Prior to this position, Mr. Gibbs served as President and Chief Financial Officer of Yum! Restaurants International, Inc. ("YRI") from May 2012 through December 2013. Mr. Gibbs served as Chief Financial Officer of YRI from January 2011 to April 2012. He was Chief Financial Officer of Pizza Hut U.S. from September 2005 to December 2010.

Marc Kesselman, 46, is General Counsel, Corporate Secretary and Chief Government Affairs Officer of YUM. He has served as General Counsel and Corporate Secretary of YUM since February 2016 and as Chief Government Affairs Officer since November 2016. Mr. Kesselman joined YUM from Dean Foods where he held the position of Executive Vice President, General Counsel, Corporate Secretary & Government Affairs from January 2015 to January 2016. Prior to this position, he worked at PepsiCo from January 2009 to January 2015, most recently serving as Senior Vice President and General Counsel of PepsiCo Americas Foods & Frito Lay North America. From May 2006 to December 2008 he served as General Counsel of the United States Department of Agriculture.

David Russell, 48, is Senior Vice President, Finance and Corporate Controller of YUM. He has served as YUM's Corporate Controller since February 2011 and as Senior Vice President, Finance since February 2017. Prior to serving as Corporate Controller, Mr. Russell served in various positions at the Vice President-level in the Yum Finance Department, including Controller-Designate from November 2010 to February 2011 and Vice President, Assistant Controller from January 2008 to December 2010.

Tracy Skeans, 45, is Chief Transformation and People Officer of YUM. She has served as Chief People Officer since January 2016 and Chief Transformation Officer since November 2016. From January 2015 to December 2015, she was President of Pizza Hut International. Prior to this position, Ms. Skeans served as Chief People Officer of Pizza Hut Division from December 2013 to December 2014 and Chief People Officer of Pizza Hut U.S. from October 2011 to November 2013. From June 2006 to September 2011, she served as Director of Human Resources for Pizza Hut U.S.

Executive officers are elected by and serve at the discretion of the Board of Directors.

PART II

Item 5. Market for the Registrant's Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Company's Common Stock trades under the symbol YUM and is listed on the New York Stock Exchange ("NYSE"). The following sets forth the high and low NYSE composite closing sale prices by quarter for the Company's Common Stock and dividends per common share. On October 31, 2016 (the "Distribution Date"), we completed the spin-off of our China business (the "Separation") into an independent, publicly-traded company under the name Yum China Holdings, Inc. ("Yum China"). On the Distribution Date we distributed to each of our shareholders of record as of the close of business on October 19, 2016 (the "Record Date"), one share of Yum China common stock for each share of our Common Stock held as of the Record Date. Stock prices prior to November 1, 2016, do not reflect any adjustment for the impact of the Separation.

2017			
Quarter	High	Low	Dividends Declared
First	$ 68.65	$ 63.18	$ 0.30
Second	74.82	63.55	0.30
Third	77.80	72.65	—
Fourth	83.47	73.75	0.30

2016 (As Restated)[a]			
Quarter	High	Low	Dividends Declared
First	$ 82.25	$ 65.24	$ 0.46
Second	85.90	79.33	0.46
Third	91.26	83.04	0.51
Fourth (to October 31)	90.92	85.36	—
Fourth (from November 1)	64.74	59.70	0.30

In 2017, the Company paid four cash dividends of $0.30 per share. This included a dividend distributed February 3, 2017, that had been declared on December 21, 2016, which was the first dividend declared subsequent to the Separation of the Company's China business. Over the long term, the Company targets an annual dividend payout ratio of 45% to 50% of net income, before Special Items.

As of February 14, 2018, there were 49,843 registered holders of record of the Company's Common Stock.

(a) Stock price information presented for 2016 is now reflective of our current reporting calendar. See Note 2 to the Consolidated Financial Statements in Item 8 of this Form 10-K for discussion of the change in our reporting calendar.

Issuer Purchases of Equity Securities

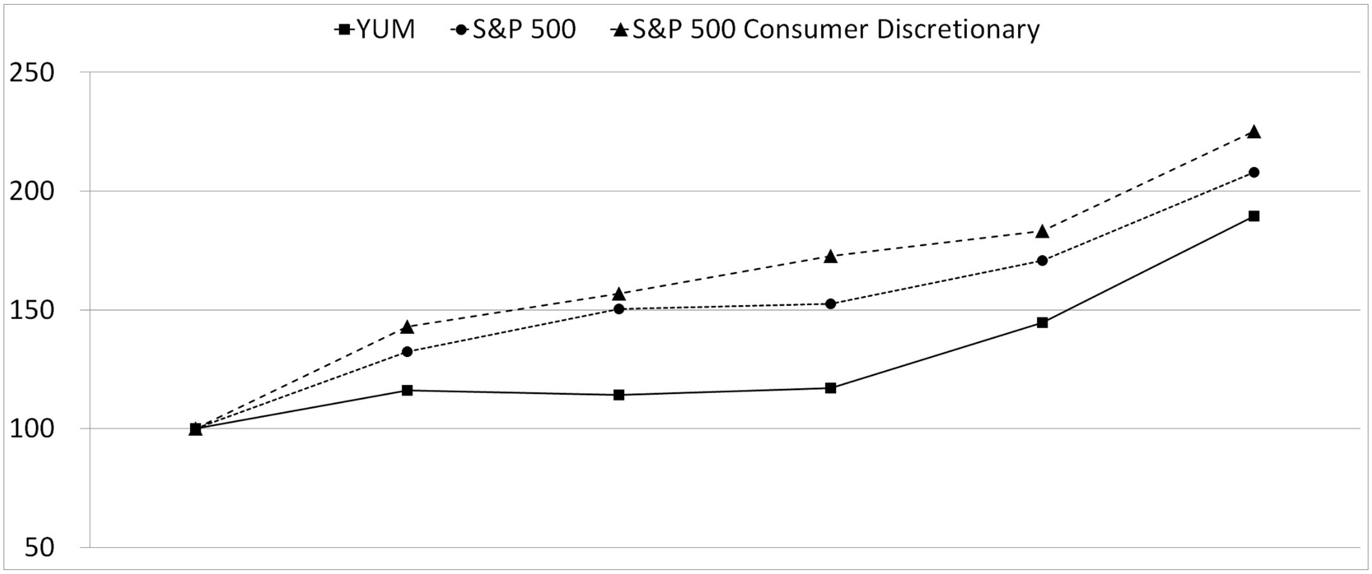
The following table provides information as of December 31, 2017, with respect to shares of Common Stock repurchased by the Company during the quarter then ended.

Fiscal Periods	Total number of shares purchased (thousands)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (thousands)	Approximate dollar value of shares that may yet be purchased under the plans or programs (millions)
10/1/17 - 10/31/17	2,686	$ 75.47	2,686	$ 385
11/1/17- 11/30/17	3,162	$ 79.68	3,162	$ 1,633
12/1/17 - 12/31/17	1,603	$ 82.95	1,603	$ 1,500
Total	7,451	$ 78.87	7,451	$ 1,500

On November 16, 2017, our Board of Directors authorized share repurchases through December 2018 of up to $1.5 billion (excluding applicable transaction fees) of our outstanding Common Stock. As of December 31, 2017, we have remaining capacity to repurchase up to $1.5 billion of Common Stock under this authorization.

Stock Performance Graph

This graph compares the cumulative total return of our Common Stock to the cumulative total return of the S&P 500 Index and the S&P 500 Consumer Discretionary Sector Index, a peer group that includes YUM, for the period from December 31, 2012 to December 29, 2017, the last trading day of our 2017 fiscal year. The graph assumes that the value of the investment in our Common Stock and each index was $100 at December 31, 2012 and that all cash dividends were reinvested.



	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/30/2016	12/29/2017
YUM	$ 100	$ 116	$ 114	$ 117	$ 145	$ 190
S&P 500	$ 100	$ 132	$ 150	$ 153	$ 171	$ 208
S&P Consumer Discretionary	$ 100	$ 143	$ 157	$ 173	$ 183	$ 225

Source: Bloomberg

Item 6. Selected Financial Data.

Selected Financial Data
YUM! Brands, Inc. and Subsidiaries
(in millions, except per share and unit amounts)

	Fiscal Year				
	2017	2016[a][d]	2015[a]	2014[a]	2013[a]
Income Statement Data					
Revenues					
Company sales	$ 3,572	$ 4,189	$ 4,336	$ 4,503	$ 4,384
Franchise and license fees and income	2,306	2,167	2,082	2,084	2,033
Total	5,878	6,356	6,418	6,587	6,417
Refranchising (gain) loss[b]	(1,083)	(163)	23	(16)	(95)
Operating Profit[b]	2,761	1,682	1,434	1,517	1,530
Other pension (income) expense[b]	47	32	40	N/A	N/A
Interest expense, net[b]	440	305	141	143	251
Income from continuing operations before income taxes[b]	2,274	1,345	1,253	1,374	1,279
Income from continuing operations[b]	1,340	1,018	926	1,006	922
Income from discontinued operations, net of tax	N/A	625	357	45	169
Net Income[b]	1,340	1,643	1,283	1,051	1,091
Basic earnings per common share from continuing operations[b]	3.86	2.58	2.13	2.27	2.04
Basic earnings per common share from discontinued operations	N/A	1.59	0.82	0.10	0.37
Basic earnings per common share[b]	3.86	4.17	2.95	2.37	2.41
Diluted earnings per common share from continuing operations[b]	3.77	2.54	2.09	2.22	2.00
Diluted earnings per common share from discontinued operations	N/A	1.56	0.81	0.10	0.36
Diluted earnings per common share[b]	3.77	4.10	2.90	2.32	2.36
Diluted earnings per common share from continuing operations excluding Special Items[c]	2.96	2.46	2.31	2.20	2.04
Cash Flow Data					
Provided by operating activities	$ 1,030	$ 1,248	$ 1,260	$ 1,217	$ 1,289
Capital spending	318	427	442	508	481
Proceeds from refranchising of restaurants	1,773	370	213	83	250
Repurchase shares of Common Stock	1,960	5,403	1,200	820	770
Dividends paid on Common Stock	416	744	730	669	615
Balance Sheet Data					
Total assets	$ 5,311	$ 5,453	$ 4,939	$ 5,073	$ 4,975
Long-term debt	9,429	9,059	2,988	3,003	2,888
Total debt	9,804	9,125	3,908	3,268	2,958
Other Data					
Number of stores at year end					
Franchise	43,603	40,834	39,320	37,959	36,746
Company	1,481	2,841	3,163	3,279	3,071
System	45,084	43,675	42,483	41,238	39,817
System Sales[c]					

KFC Division system sales	24,515	23,242	22,628	23,458	23,147
Reported growth	5%	3%	(3)%	1%	(2)%
Growth in local currency	6%	7%	5 %	4%	— %
Pizza Hut Division system sales	12,034	12,019	11,999	12,106	11,948
Reported growth	—%	—%	(1)%	1%	3 %
Growth in local currency	1%	2%	3 %	2%	4 %
Taco Bell Division system sales	10,145	9,660	9,102	8,459	8,107
Reported growth	5%	6%	8 %	4%	4 %
Growth in local currency	5%	6%	8 %	4%	4 %
Shares outstanding at year end	332	355	420	434	443
Cash dividends declared per Common Share	$ 0.90	$ 1.73	$ 1.74	$ 1.56	$ 1.41
Market price per share at year end[e]	$ 81.61	$ 63.33	$ 73.05	$ 73.14	$ 73.87

(a) Selected financial data for years 2016 and 2015 has been recast to present the change in our reporting calendar and retroactively adopting a new accounting standard related to the presentation of net periodic pension cost and net periodic postretirement benefit cost (collectively,"Benefit Costs"). See Notes 2 and 5 to the Consolidated Financial Statements in Item 8 of this Form 10-K for discussion related to adopting a new accounting standard on Benefit Costs and the change in our reporting calendar, respectively. 2014 reflects our Balance Sheet and store count data that were recast for purposes of presenting 2015 Consolidated Statement of Cash Flows and unit growth. No other data presented in 2014 or 2013 has been recast.

(b) Includes amounts deemed as Special Items for some or all years presented. See discussion of our 2017, 2016 and 2015 Special Items in our Management's Discussion and Analysis ("MD&A"). Special Items in 2014 positively impacted Operating Profit by $16 million, primarily due to Refranchising gains. Special Items in 2013 positively impacted Operating Profit by $73 million, primarily due to Refranchising gains, partially offset by $10 million in pension settlement charges and $5 million of expense related to U.S. productivity initiatives and realignment of resources. Additionally, in 2013, we incurred $118 million of premiums paid and other costs related to the extinguishment of debt that were considered Special Items and were recorded in Interest expense, net. Special Items resulted in cumulative net tax benefits of $23 million 2013.

(c) These non-GAAP measures are discussed in further detail in our MD&A.

(d) Fiscal years for our U.S. and certain international subsidiaries that operate on a weekly periodic calendar include 52 weeks in 2017, 2015, 2014 and 2013 and 53 weeks in 2016. Refer to Note 2 for additional details related to our fiscal calendar.

(e) Historical stock prices prior to November 1, 2016, do not reflect any adjustment for the impact of the Separation.

The selected financial data should be read in conjunction with the Consolidated Financial Statements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introduction and Overview

The following Management's Discussion and Analysis ("MD&A"), should be read in conjunction with the Consolidated Financial Statements ("Financial Statements") in Item 8 and the Forward-Looking Statements and the Risk Factors set forth in Item 1A. All Note references herein refer to the Notes to the Financial Statements. Tabular amounts are displayed in millions of U.S. dollars except per share and unit count amounts, or as otherwise specifically identified. Unless otherwise stated, financial results herein reflect continuing operations of the Company. Percentages may not recompute due to rounding.

YUM! Brands, Inc. ("YUM" or the "Company") operates or franchises a worldwide system of over 45,000 restaurants in more than 135 countries and territories, under the concepts of KFC, Pizza Hut and Taco Bell (collectively, the "Concepts"). These three Concepts are global leaders of the chicken, pizza and Mexican-style food categories, respectively. Of the over 45,000 restaurants, 3% are operated by the Company and its subsidiaries and 97% are operated by franchisees.

As of December 31, 2017, YUM consists of three operating segments:

- The KFC Division which includes our worldwide operations of the KFC concept
- The Pizza Hut Division which includes our worldwide operations of the Pizza Hut concept
- The Taco Bell Division which includes our worldwide operations of the Taco Bell concept

On October 31, 2016 (the "Distribution Date"), we completed the spin-off of our China business (the "Separation") into an independent, publicly-traded company under the name of Yum China Holdings, Inc. ("Yum China"). Concurrent with the Separation, a subsidiary of the Company entered into a Master License Agreement with a subsidiary of Yum China for the exclusive right to use and sublicense the use of intellectual property owned by YUM and its affiliates for the development and operation of KFC, Pizza Hut and Taco Bell restaurants in China. Prior to the Separation, our operations in mainland China were reported in our former China Division segment results. As a result of the Separation, the results of operations and cash flows of the separated business are presented as discontinued operations in our Consolidated Statements of Income and Consolidated Statements of Cash Flows for periods prior to the Separation. See additional information related to the impact of the Separation in Note 4.

On October 11, 2016, we announced our strategic transformation plans to drive global expansion of our KFC, Pizza Hut and Taco Bell brands ("YUM's Strategic Transformation Initiatives") following the Separation. Major features of the Company's transformation and growth strategy involve being more focused, franchised and efficient. YUM's Strategic Transformation Initiatives below represent the continuation of YUM's transformation of its operating model and capital structure.

- More Focused. Four growth drivers form the basis of YUM's strategic plans and repeatable business model to accelerate same-store sales growth and net-new restaurant development at KFC, Pizza Hut and Taco Bell around the world over the long term. The Company is focused on becoming best-in-class in:
  - Building Distinctive, Relevant and Easy Brands
  - Developing Unmatched Franchise Operating Capability
  - Driving Bold Restaurant Development
  - Growing Unrivaled Culture and Talent

- More Franchised. YUM intends franchise restaurant ownership to be at least 98% by the end of 2018.

- More Efficient. The Company is revamping its financial profile, improving the efficiency of its organization and cost structure globally, by:
  - Reducing annual capital expenditures to approximately $100 million in 2019;
  - Lowering General and administrative expenses ("G&A") to 1.7% of system sales in 2019; and
  - Maintaining an optimized capital structure of ~5.0x Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") leverage.

From 2017 through 2019, we intend to return an additional $6.5 - $7.0 billion to shareholders through share repurchases and cash dividends. We intend to fund these shareholder returns through a combination of refranchising proceeds, free cash flow generation and maintenance of our five times EBITDA leverage. We anticipate generating proceeds in excess of $2 billion, net of tax, through our refranchising initiatives. Refer to the Liquidity and Capital Resources section of this MD&A for additional details.

Beginning in 2017, we changed our fiscal year from a year ending on the last Saturday of December to a year beginning on January 1 and ending on December 31 of each year. Concurrently, we removed the reporting lags from the fiscal calendars of our international subsidiaries. Our MD&A has been recast to reflect the change in our reporting calendar. See Notes 2 and 5 for additional details related to our fiscal calendar.

We intend for this MD&A to provide the reader with information that will assist in understanding our results of operations, including performance metrics that management uses to assess the Company's performance. Throughout this MD&A, we commonly discuss the following performance metrics:

- 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.

- Net new units represents new unit openings, offset by store closures.

- Company restaurant profit ("Restaurant profit") is defined as Company sales less expenses incurred directly by our Company-owned restaurants in generating Company sales. Company restaurant margin as a percentage of sales is defined as Restaurant profit divided by Company sales. Within the Company sales and Restaurant profit sections of this MD&A, Store Portfolio Actions represent the net impact of new unit openings, acquisitions, refranchising and store closures, and Other primarily represents the impact of same-store sales as well as the impact of changes in costs such as inflation/deflation.

- Operating margin is Operating Profit divided by Total revenues.

In addition to the results provided in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"), the Company provides the following non-GAAP measurements.

- System sales, System sales excluding the impacts of foreign currency translation ("FX"), and System sales excluding FX and the impact of the 53rd week in 2016. System sales 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 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 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.

- Diluted Earnings Per Share from Continuing Operations excluding Special Items (as defined below);

- Effective Tax Rate excluding Special Items;

- Core Operating Profit and Core Operating Profit excluding the impact of the 53rd week in 2016. Core Operating Profit excludes Special Items and FX and we use Core Operating Profit for the purposes of evaluating performance internally.

These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Rather, the Company believes that the presentation of these non-GAAP measurements provide additional information to investors to facilitate the comparison of past and present operations, excluding items that the Company does not believe are indicative of our ongoing operations due to their size and/or nature.

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.

Certain non-GAAP measurements are presented excluding the impact of FX. 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.

We provide Core Operating Profit excluding 53rd week and System sales excluding 53rd week to further enhance the comparability with the lapping of the 53rd week that was part of our fiscal calendar in 2016.

Results of Operations

Summary

All comparisons within this summary are versus the same period a year ago and include the impact of lapping a 53^{rd} week in 2016, unless otherwise noted.

For 2017, GAAP diluted EPS from continuing operations increased 48% to $3.77 per share, and diluted EPS from continuing operations excluding Special Items, increased 20% to $2.96 per share.

2017 financial highlights:

	% Change				
	System Sales, Ex FX	Same-Store Sales	Net New Units	GAAP Operating Profit	Core Operating Profit
KFC Division	+6	+3	+4	+13	+12
Pizza Hut Division	+1	Even	+2	(7)	(6)
Taco Bell Division	+5	+4	+4	+4	+4
Worldwide	+4	+2	+3	+64	+7

	Results Excluding 53^{rd} Week in 2016 (% Change)	
	System Sales, Ex FX	Core Operating Profit
KFC Division	+6	+14
Pizza Hut Division	+2	(5)
Taco Bell Division	+7	+6
Worldwide	+5	+9

Additionally:

- During the year, we opened 1,407 net new units for 3% net new unit growth.

- During the year, we refranchised 1,470 restaurants, including 828 KFC, 389 Pizza Hut and 253 Taco Bell units, for pre-tax proceeds of $1.8 billion. We recorded net refranchising gains of $1.1 billion in Special Items.

- During the year, we repurchased 26.6 million shares totaling $1.9 billion at an average share price of $72.

Worldwide

GAAP Results

	Amount			% B/(W)	
	2017	2016	2015	2017	2016
Company sales	$ 3,572	$ 4,189	$ 4,336	(15)	(3)
Franchise and license fees and income	2,306	2,167	2,082	6	4
Total revenues	$ 5,878	$ 6,356	$ 6,418	(8)	(1)
Restaurant profit	$ 618	$ 700	$ 709	(12)	(1)
Restaurant margin %	17.3%	16.7%	16.3%	0.6 ppts.	0.4 ppts.
G&A expenses	$ 999	$ 1,129	$ 1,058	12	(7)
Franchise and license expenses	237	201	240	(18)	16
Closures and impairment expenses	3	15	16	82	8
Refranchising (gain) loss	(1,083)	(163)	23	NM	NM
Other (income) expense	7	3	20	(103)	83
Operating Profit	$ 2,761	$ 1,682	$ 1,434	64	17
Other pension (income) expense	47	32	40	(45)	18
Interest expense, net	440	305	141	(44)	NM
Income tax provision	934	327	327	NM	—
Income from continuing operations	1,340	1,018	926	32	10
Income from discontinued operations, net of tax	N/A	625	357	NM	75
Net Income	$ 1,340	$ 1,643	$ 1,283	(18)	28
Diluted EPS from continuing operations[(a)]	$ 3.77	$ 2.54	$ 2.09	48	22
Diluted EPS from discontinued operations[(a)]	N/A	$ 1.56	$ 0.81	NM	93
Diluted EPS[(a)]	$ 3.77	$ 4.10	$ 2.90	(8)	42
Effective tax rate - continuing operations	41.1%	24.3%	26.1%	(16.8) ppts.	1.8 ppts.

(a) See Note 3 for the number of shares used in these calculations.

Performance Metrics

				% Increase (Decrease)	
Unit Count	2017	2016	2015	2017	2016
Franchise	43,603	40,834	39,320	7	4
Company-owned	1,481	2,841	3,163	(48)	(10)
	45,084	43,675	42,483	3	3

	% B/(W)	
	2017	2016
System Sales Growth, reported	4	3
System Sales Growth, excluding FX	4	5
System Sales Growth, excluding FX and 53rd week	5	4
Same-Store Sales Growth	2	1
Non-GAAP Items		
Core Operating Profit Growth	7	11
Core Operating Profit Growth, excluding 53rd week	9	9
Diluted EPS from Continuing Operations, excluding Special Items	20	7

Extra Week in 2016 (As Restated)

Fiscal 2016 included a 53rd week for all of our U.S. businesses and certain of our non-U.S. businesses that report 13 four-week periods versus 12 months. See Notes 2 and 5 for additional details related to our fiscal calendar. The following table summarizes the estimated impact of the 53rd week on Revenues and Operating Profit for the year ended December 31, 2016:

	KFC Division	Pizza Hut Division	Taco Bell Division	Total
Revenues				
Company sales	$ 26	$ 5	$ 24	$ 55
Franchise and license fees and income	8	6	7	21
Total revenues	$ 34	$ 11	$ 31	$ 76
Operating Profit				
Franchise and license fees and income	$ 8	$ 6	$ 7	$ 21
Restaurant profit	6	1	7	14
G&A expenses	(3)	(2)	(2)	(7)
Operating Profit	$ 11	$ 5	$ 12	$ 28

Non-GAAP Items

Non-GAAP Items, along with the reconciliation to the most comparable GAAP financial measure, are presented below.

	Year		
Detail of Special Items	2017	2016	2015
Refranchising gain (loss) (See Note 5)	$ 1,083	$ 163	$ (19)
YUM's Strategic Transformation Initiatives (See Note 5)	(23)	(67)	—
Costs associated with Pizza Hut U.S. Transformation Agreement (See Note 5)	(31)	—	—
Costs associated with KFC U.S. Acceleration Agreement (See Note 5)	(17)	(26)	(72)
Non-cash charges associated with share-based compensation (See Note 5)	(18)	(30)	—
Other Special Items Income (Expense)	7	(5)	—
Special Items Income (Expense) - Operating Profit	1,001	35	(91)
Special Items - Other Pension Income (Expense) (See Note 5)	(23)	(26)	—
Special Items Income (Expense) from Continuing Operations before Income Taxes	978	9	(91)
Tax Benefit (Expense) on Special Items[a]	(256)	24	(4)
Tax (Expense) - U.S. Tax Act[a]	(434)	—	—
Special Items Income (Expense), net of tax	$ 288	$ 33	$ (95)
Average diluted shares outstanding	355	400	443
Special Items diluted EPS	$ 0.81	$ 0.08	$ (0.22)

Reconciliation of GAAP Operating Profit to Core Operating Profit and Core Operating Profit, excluding 53rd Week			
Consolidated			
GAAP Operating Profit	$ 2,761	$ 1,682	$ 1,434
Special Items Income (Expense) - Operating Profit	1,001	35	(91)
Foreign Currency Impact on Divisional Operating Profit[b]	—	(47)	N/A
Core Operating Profit	$ 1,760	$ 1,694	$ 1,525
Impact of 53rd Week	N/A	28	N/A
Core Operating Profit, excluding 53rd Week	$ 1,760	$ 1,666	$ 1,525
KFC Division			
GAAP Operating Profit	$ 981	$ 871	$ 835
Foreign Currency Impact on Divisional Operating Profit[b]	4	(41)	N/A
Core Operating Profit	977	912	835
Impact of 53rd Week	N/A	11	N/A
Core Operating Profit, excluding 53rd Week	$ 977	$ 901	$ 835
Pizza Hut Division			
GAAP Operating Profit	$ 341	$ 367	$ 351
Foreign Currency Impact on Divisional Operating Profit[b]	(4)	(7)	N/A
Core Operating Profit	345	374	351
Impact of 53rd Week	N/A	5	N/A

Core Operating Profit, excluding 53rd Week	$ 345	$ 369	$ 351

Taco Bell Division			
GAAP Operating Profit	$ 619	$ 595	$ 546
Foreign Currency Impact on Divisional Operating Profit[b]	—	1	N/A
Core Operating Profit	619	594	546
Impact of 53rd Week	N/A	12	N/A
Core Operating Profit, excluding 53rd Week	$ 619	$ 582	$ 546

Reconciliation of Diluted EPS from Continuing Operations to Diluted EPS from Continuing Operations, excluding Special Items			
Diluted EPS from Continuing Operations	$ 3.77	$ 2.54	$ 2.09
Special Items Diluted EPS	0.81	0.08	(0.22)
Diluted EPS from Continuing Operations excluding Special Items	$ 2.96	$ 2.46	$ 2.31

Reconciliation of GAAP Effective Tax Rate to Effective Tax Rate, excluding Special Items			
GAAP Effective Tax Rate	41.1%	24.3 %	26.1%
Impact on Tax Rate as a result of Special Items[a]	22.3%	(2.0)%	2.1%
Effective Tax Rate excluding Special Items[c]	18.8%	26.3 %	24.0%

Reconciliation of GAAP Company sales to System sales			
Consolidated			
GAAP Company sales[d]	$ 3,572	$ 4,189	$ 4,336
Franchise sales	43,122	40,732	39,393
System sales	46,694	44,921	43,729
Foreign Currency Impact on System sales[e]	(90)	(1,123)	N/A
System sales, excluding FX	46,784	46,044	43,729
Impact of 53rd week	N/A	434	N/A
System sales, excluding FX and 53rd Week	$ 46,784	$ 45,610	$ 43,729
KFC Division			
GAAP Company sales[d]	$ 1,928	$ 2,156	$ 2,191
Franchise sales	22,587	21,086	20,437
System sales	24,515	23,242	22,628
Foreign Currency Impact on System sales[e]	(28)	(858)	N/A
System sales, excluding FX	24,543	24,100	22,628
Impact of 53rd week	N/A	165	N/A
System sales, excluding FX and 53rd Week	$ 24,543	$ 23,935	$ 22,628
Pizza Hut Division			
GAAP Company sales[d]	$ 285	$ 493	$ 601
Franchise sales	11,749	11,526	11,398

System sales	12,034	12,019	11,999
Foreign Currency Impact on System sales[(e)]	(66)	(258)	N/A
System sales, excluding FX	12,100	12,277	11,999
Impact of 53rd week	N/A	113	N/A
System sales, excluding FX and 53rd Week	$ 12,100	$ 12,164	$ 11,999

Taco Bell Division			
GAAP Company sales[d]	$ 1,359	$ 1,540	$ 1,544
Franchise sales	8,786	8,120	7,558
System sales	10,145	9,660	9,102
Foreign Currency Impact on System sales[e]	4	$ (7)	N/A
System sales, excluding FX	10,141	9,667	9,102
Impact of 53rd week	N/A	156	N/A
System sales, excluding FX and 53rd Week	$ 10,141	$ 9,511	$ 9,102

(a) The tax benefit (expense) was determined based upon the impact of the nature, as well as the jurisdiction of the respective individual components within Special Items. In 2016, our tax rate on Special Items was favorably impacted by the recognition of capital loss carryforwards in anticipation of U.S. refranchising gains. In 2015, our tax rate on Special Items was unfavorably impacted by the non-deductibility of certain losses associated with international refranchising. See Note 18.

(b) The foreign currency impact on reported Operating Profit is presented in relation only to the immediately preceding year presented. When determining applicable Core Operating Profit Growth percentages, the Core Operating Profit for the current year should be compared to the prior year Operating Profit, prior to adjustment for the prior year FX impact.

(c) Our 2017 Effective Tax Rate excluding Special Items was lower than prior years due primarily to the inclusion of tax expense on the repatriation of certain foreign earnings in 2017 being included in the one-time Special Items charge referenced in (a) above. The majority of our foreign entities have a tax year-end of November 30. Amounts repatriated from these foreign entities after November 30, 2017, which were significant due to the timing of international refranchising proceeds, were required to be taxed as part of the mandatory deemed repatriation tax in connection with the Tax Act. See Note 18.

(d) Company Sales represents sales from our Company-operated stores as presented on our Consolidated Statements of Income.

(e) The foreign currency impact on System sales is presented in relation only to the immediately preceding year presented. When determining applicable System sales growth percentages, the System sales excluding FX for the current year should be compared to the prior year System sales prior to adjustment for the prior year FX impact.

KFC Division

The KFC Division has 21,487 units, 81% of which are located outside the U.S. The KFC Division has experienced significant unit growth in emerging markets, which comprised approximately 60% of both the Division's units and profits, respectively, as of the end of 2017. Additionally, 97% of the KFC Division units were operated by franchisees as of the end of 2017.

				% B/(W)			% B/(W)		
				2017			2016		
	2017	2016	2015	Reported	Ex FX	Ex FX and 53rd Week in 2016	Reported	Ex FX	Ex FX and 53rd Week in 2016
System Sales	$ 24,515	$ 23,242	$ 22,628	5	6	6	3	7	6
Same-Store Sales Growth (Decline)				3	N/A	N/A	2	N/A	N/A
Company sales	$ 1,928	$ 2,156	$ 2,191	(11)	(12)	(11)	(2)	4	3
Franchise and license fees and income	1,182	1,069	1,031	11	10	11	4	7	7
Total revenues	$ 3,110	$ 3,225	$ 3,222	(4)	(4)	(3)	—	5	4
Restaurant profit	$ 289	$ 317	$ 307	(9)	(10)	(8)	3	9	7
Restaurant margin %	15.0%	14.7%	14.0%	0.3 ppts.	0.3 ppts.	0.4 ppts.	0.7 ppts.	0.7 ppts.	0.6 ppts.
G&A expenses	$ 370	$ 396	$ 395	7	7	7	—	(3)	(3)
Operating Profit	$ 981	$ 871	$ 835	13	12	14	4	9	8

				% Increase (Decrease)	
Unit Count	2017	2016	2015	2017	2016
Franchise	20,819	19,236	18,473	8	4
Company-owned	668	1,407	1,513	(53)	(7)
	21,487	20,643	19,986	4	3

	2016	New Builds	Closures	Refranchised	Acquired	Other	2017
Franchise	19,236	1,169	(414)	828	—	—	20,819
Company-owned	1,407	102	(13)	(828)	—	—	668
Total	20,643	1,271	(427)	—	—	—	21,487

	2015	New Builds	Closures	Refranchised	Acquired	Other	2016
Franchise	18,473	994	(412)	180	—	1	19,236

Company-owned	1,513	114	(39)	(180)	—	(1)	1,407
Total	19,986	1,108	(451)	—	—	—	20,643

Company Sales and Restaurant Profit

The changes in Company sales and Restaurant profit were as follows:

	2017 vs. 2016					
Income / (Expense)	2016	Store Portfolio Actions	Other	FX	53rd Week	2017
Company sales	$ 2,156	$ (286)	$ 61	$ 23	$ (26)	$ 1,928
Cost of sales	(733)	93	(22)	(11)	9	(664)
Cost of labor	(507)	69	(16)	(3)	6	(451)
Occupancy and other	(599)	82	(7)	(5)	5	(524)
Company restaurant expenses	$ (1,839)	$ 244	$ (45)	$ (19)	$ 20	$ (1,639)
Restaurant profit	$ 317	$ (42)	$ 16	$ 4	$ (6)	$ 289

	2016 vs. 2015					
Income / (Expense)	2015	Store Portfolio Actions	Other	FX	53rd Week	2016
Company sales	$ 2,191	$ 24	$ 39	$ (124)	$ 26	$ 2,156
Cost of sales	(751)	(10)	(7)	44	(9)	(733)
Cost of labor	(511)	(3)	(14)	27	(6)	(507)
Occupancy and other	(622)	3	(10)	35	(5)	(599)
Company restaurant expenses	$ (1,884)	$ (10)	$ (31)	$ 106	$ (20)	$ (1,839)
Restaurant profit	$ 307	$ 14	$ 8	$ (18)	$ 6	$ 317

In 2017, the decreases in Company sales and Restaurant profit associated with store portfolio actions was driven by refranchising, partially offset by international net new unit growth. Significant other factors impacting Company sales and/or Restaurant profit were company same-store sales growth of 4%, partially offset by higher commodity and labor costs.

In 2016, the increase in Company sales associated with store portfolio actions was driven by international net new unit growth, partially offset by refranchising. The increase in Restaurant profit associated with store portfolio actions was driven by international net new unit growth. Significant other factors impacting Company sales and/or Restaurant profit were company same-store sales growth of 2%, partially offset by higher labor and commodity costs.

Franchise and License Fees and Income

In 2017, the increase in Franchise and license fees and income, excluding the impacts of foreign currency translation and lapping the 53rd week in 2016, was driven by international net new unit growth, franchise same-store sales growth of 3%, refranchising and higher renewal and transfer fees.

In 2016, the increase in Franchise and license fees and income, excluding the impacts of foreign currency translation and the 53rd week, was driven by international net new unit growth, franchise same-store sales growth of 2% and refranchising.

G&A

In 2017, the decrease in G&A, excluding the impacts of foreign currency translation and lapping the 53rd week in 2016, were driven by the positive impact of YUM's Strategic Transformation Initiatives , including reductions in G&A directly attributable to refranchising, partially offset by higher incentive compensation.

In 2016, the increase in G&A, excluding the impacts of foreign currency translation and 53rd week, were driven by the impact of higher compensation costs due to increased headcount and wage inflation in international markets and higher incentive compensation.

Operating Profit

In 2017, the increase in Operating Profit, excluding the impacts of foreign currency translation and lapping the 53rd week in 2016, was driven by same-store sales growth, international net new unit growth, lower G&A and higher renewal and transfer fees, partially offset by higher restaurant operating costs and refranchising.

In 2016, the increase in Operating Profit, excluding the impacts of foreign currency translation and 53rd week, was driven by international net new unit growth and same-store sales growth, partially offset by higher restaurant operating costs and advertising contributions associated with the KFC U.S. Acceleration Agreement.

Pizza Hut Division

The Pizza Hut Division has 16,748 units, 55% of which are located outside the U.S. The Pizza Hut Division operates as one brand that uses multiple distribution channels including delivery, dine-in and express (e.g. airports). Emerging markets comprised approximately 35% of units and 40% of profits for the Division as of the end of 2017. Additionally, 99% of the Pizza Hut Division units were operated by franchisees as of the end of 2017.

				% B/(W)			% B/(W)		
				2017			2016		
	2017	2016	2015	Reported	Ex FX	Ex FX and 53rd Week in 2016	Reported	Ex FX	Ex FX and 53rd Week in 2016
System Sales	$ 12,034	$ 12,019	$ 11,999	—	1	2	—	2	1
Same-Store Sales Growth (Decline)				Even	N/A	N/A	(2)	N/A	N/A
Company sales	$ 285	$ 493	$ 601	(42)	(42)	(41)	(18)	(16)	(17)
Franchise and license fees and income	608	615	604	(1)	(1)	—	2	4	3
Total revenues	$ 893	$ 1,108	$ 1,205	(19)	(19)	(18)	(8)	(6)	(7)
Restaurant profit	$ 14	$ 41	$ 58	(63)	(63)	(62)	(31)	(31)	(31)
Restaurant margin %	5.3%	8.3%	9.8%	(3.0) ppts.	(3.0) ppts.	(2.9) ppts.	(1.5) ppts.	(1.7) ppts.	(1.7) ppts.
G&A expenses	$ 211	$ 242	$ 262	13	13	12	7	6	6
Operating Profit	$ 341	$ 367	$ 351	(7)	(6)	(5)	4	6	5

Unit Count	2017	2016	2015	% Increase (Decrease) 2017	% Increase (Decrease) 2016
Franchise	16,588	15,871	15,334	5	4
Company-owned	160	549	750	(71)	(27)
	16,748	16,420	16,084	2	2

	2016	New Builds	Closures	Refranchised	Acquired	Other	2017
Franchise	15,871	1,035	(708)	389	—	1	16,588
Company-owned	549	12	(12)	(389)	—	—	160
Total	16,420	1,047	(720)	—	—	1	16,748

	2015	New Builds	Closures	Refranchised	Acquired	Other	2016
Franchise	15,334	885	(554)	206	—	—	15,871
Company-owned	750	40	(35)	(206)	—	—	549
Total	16,084	925	(589)	—	—	—	16,420

Company Sales and Restaurant Profit

The changes in Company sales and Restaurant profit were as follows:

	2017 vs. 2016					
Income / (Expense)	2016	Store Portfolio Actions	Other	FX	53rd Week	2017
Company sales	$ 493	$ (193)	$ (9)	$ (1)	$ (5)	$ 285
Cost of sales	(137)	56	(4)	—	2	(83)
Cost of labor	(156)	61	(1)	1	1	(94)
Occupancy and other	(159)	61	3	—	1	(94)
Company restaurant expenses	$ (452)	$ 178	$ (2)	$ 1	$ 4	$ (271)
Restaurant profit	$ 41	$ (15)	$ (11)	$ —	$ (1)	$ 14

	2016 vs. 2015					
Income / (Expense)	2015	Store Portfolio Actions	Other	FX	53rd Week	2016
Company sales	$ 601	$ (120)	$ 16	$ (9)	$ 5	$ 493
Cost of sales	(167)	34	(5)	3	(2)	(137)
Cost of labor	(187)	40	(11)	3	(1)	(156)
Occupancy and other	(189)	33	(5)	3	(1)	(159)
Company restaurant expenses	$ (543)	$ 107	$ (21)	$ 9	$ (4)	$ (452)
Restaurant profit	$ 58	$ (13)	$ (5)	$ —	$ 1	$ 41

In 2017, the decreases in Company sales and Restaurant profit associated with store portfolio actions were driven by refranchising. Significant other factors impacting Company sales and/or Restaurant profit were company same-store sales declines of 3% and higher commodity and labor costs, partially offset by lower property and casualty losses.

In 2016, the decreases in Company sales and Restaurant profit associated with store portfolio actions were driven by refranchising. Significant other factors impacting Company sales and/or Restaurant profit were higher labor costs and increased advertising spend in the U.S., partially offset by company same-store sales growth of 2%.

Franchise and License Fees and Income

In 2017, Franchise and license fees income, excluding the impact of foreign currency translation and lapping the 53rd week in 2016, was even with prior year as the favorable impacts of refranchising and net new unit growth were offset by lower fees from expiring development agreements. Franchise same-store sales were even.

In 2016, the increase in Franchise and license fees income, excluding the impacts of foreign currency translation and 53rd week, was driven by net new unit growth, refranchising and higher fees from expiring development agreements, partially offset by franchise same-store sales declines of 2%.

G&A

In 2017, the decrease in G&A, excluding the impact of foreign currency translation and lapping the 53rd week in 2016, was driven by the positive impact of YUM's Strategic Transformation Initiatives, including reductions in G&A directly attributable to refranchising, partially offset by increased litigation costs.

In 2016, the decrease in G&A, excluding the impacts of foreign currency translation and 53rd week, was driven by lower litigation settlement costs and legal fees and the positive impact of YUM's Strategic Transformation Initiatives, including reductions in G&A directly attributable to refranchising, partially offset by higher incentive compensation costs.

Operating Profit

In 2017, the decrease in Operating Profit, excluding the impact of foreign currency translation and lapping the 53rd week in 2016, was driven by increased advertising costs associated with the Pizza Hut U.S. Transformation Agreement, partially offset by lower G&A.

In 2016, the increase in Operating Profit, excluding the impacts of foreign currency translation and 53rd week, was driven by lower G&A and net new unit growth, partially offset by franchise same-store sales declines.

Taco Bell Division

The Taco Bell Division has 6,849 units, 94% of which are in the U.S. As of the end of 2017, the Company owns 10% of the Taco Bell units in the U.S., where the brand has historically achieved high restaurant margins and returns.

				% B/(W) 2017			% B/(W) 2016		
	2017	2016	2015	Reported	Ex FX	Ex FX and 53rd Week in 2016	Reported	Ex FX	Ex FX and 53rd Week in 2016
System Sales	$ 10,145	$ 9,660	$ 9,102	5	5	7	6	6	5
Same-Store Sales Growth				4	N/A	N/A	2	N/A	N/A
Company sales	$ 1,359	$ 1,540	$ 1,544	(12)	(12)	(10)	—	—	(2)
Franchise and license fees and income	521	485	447	7	7	9	9	9	7
Total revenues	$ 1,880	$ 2,025	$ 1,991	(7)	(7)	(6)	2	2	—
Restaurant profit	$ 305	$ 342	$ 344	(11)	(11)	(9)	—	—	(3)
Restaurant margin %	22.4%	22.2%	22.2%	0.2 ppts.	0.2 ppts.	0.3 ppts.	— ppts.	— ppts.	(0.2) ppts.

G&A expenses	$	188	$	211	$	221	11	11	10	4	4	5
Operating Profit	$	619	$	595	$	546	4	4	6	9	9	6

Unit Count	2017	2016	2015	% Increase (Decrease) 2017	% Increase (Decrease) 2016
Franchise	6,196	5,727	5,513	8	4
Company-owned	653	885	900	(26)	(2)
	6,849	6,612	6,413	4	3

	2016	New Builds	Closures	Refranchised	Acquired	Other	2017
Franchise	5,727	293	(78)	253	—	1	6,196
Company-owned	885	21	—	(253)	—	—	653
Total	6,612	314	(78)	—	—	1	6,849

	2015	New Builds	Closures	Refranchised	Acquired	Other	2016
Franchise	5,513	263	(95)	46	(1)	1	5,727
Company-owned	900	34	(4)	(46)	1	—	885
Total	6,413	297	(99)	—	—	1	6,612

Company Sales and Restaurant Profit

The changes in Company sales and Restaurant profit were as follows:

	2017 vs. 2016				
Income / (Expense)	2016	Store Portfolio Actions	Other	53rd Week	2017
Company sales	$ 1,540	$ (195)	$ 38	$ (24)	$ 1,359
Cost of sales	(397)	50	(15)	6	(356)
Cost of labor	(443)	55	(13)	7	(394)
Occupancy and other	(358)	44	6	4	(304)
Company restaurant expense	$ (1,198)	$ 149	$ (22)	$ 17	$ (1,054)
Restaurant profit	$ 342	$ (46)	$ 16	$ (7)	$ 305

	2016 vs. 2015				
Income / (Expense)	2015	Store Portfolio Actions	Other	53rd Week	2016
Company sales	$ 1,544	$ (37)	$ 9	$ 24	$ 1,540
Cost of sales	(422)	11	20	(6)	(397)
Cost of labor	(427)	10	(19)	(7)	(443)
Occupancy and other	(351)	7	(10)	(4)	(358)
Company restaurant expense	$ (1,200)	$ 28	$ (9)	$ (17)	$ (1,198)
Restaurant profit	$ 344	$ (9)	$ —	$ 7	$ 342

In 2017, the decreases in Company sales and Restaurant profit associated with store portfolio actions were driven by refranchising, partially offset by net unit growth. Significant other factors impacting Company sales and/or Restaurant profit were company same-store sales growth of 3%, partially offset by higher labor costs, commodity cost inflation, and increased cost of sales associated with value offerings.

In 2016, the decrease in Company sales and Restaurant profit associated with store portfolio actions was driven by refranchising, partially offset by net new unit growth. Significant other factors impacting Company sales and/or Restaurant profit were company same-store sales growth of 1% and favorable commodity costs, partially offset by higher labor costs and store-level investments.

Franchise and License Fees and Income

In 2017, the increase in Franchise and license fees and income, excluding the impact of lapping the 53rd week in 2016, was driven by refranchising, franchise same-store sales growth of 4%, and net new unit growth.

In 2016, the increase in Franchise and license fees and income, excluding the impact of the 53rd week, was driven by net new unit growth, franchise same-store sales growth of 2% and refranchising.

G&A

In 2017, the decrease in G&A, excluding the impact of lapping the 53rd week in 2016, was driven by the positive impact of YUM's Strategic Transformation Initiatives, including reductions in G&A directly attributable to refranchising, and lower litigation costs.

In 2016, the decrease in G&A, excluding the impact of the 53rd week, was driven by lapping the Live Más Scholarship contribution and lower litigation costs.

Operating Profit

In 2017, the increase in Operating Profit, excluding the impact of lapping the 53rd week in 2016, was driven by same-store sales growth, lower G&A and net new unit growth, partially offset by refranchising and higher restaurant operating costs.

In 2016, the increase in Operating Profit, excluding the impact of the 53rd week, was driven by same-store sales growth, net new unit growth and lower G&A, partially offset by higher restaurant operating costs and refranchising.

Corporate & Unallocated

				% B/(W)	
Income/(Expense)	2017	2016	2015	2017	2016
Corporate and unallocated G&A	$ (230)	$ (280)	$ (180)	18	(56)
Unallocated restaurant costs	10	—	—	NM	NM
Unallocated Franchise and license fees and income	(5)	(2)	—	NM	NM
Unallocated Franchise and license expenses	(30)	(24)	(71)	(26)	67
Refranchising gain (loss) (See Note 5)	1,083	163	(23)	NM	NM
Unallocated Other income (expense)	(8)	(8)	(24)	3	65
Other pension income (expense) (See Note 15)	(47)	(32)	(40)	(45)	18
Interest expense, net	(440)	(305)	(141)	(44)	(117)
Income tax provision (See Note 18)	(934)	(327)	(327)	NM	—
Effective tax rate (See Note 18)	41.1%	24.3%	26.1%	(16.8) ppts.	1.8 ppts.

Corporate and unallocated G&A

In 2017, the decrease in Corporate and unallocated G&A was driven by lower year-over-year spending associated with YUM's Strategic Transformation Initiatives (See Note 5), current year G&A reductions due to the impact of YUM's Strategic Transformation Initiatives and lower year-over-year non-cash charges associated with the modification of Executive Income Deferral ("EID") share-based compensation awards (See Note 5), partially offset by charges related to the Pizza Hut U.S. Transformation Agreement (See Note 5).

In 2016, the increase in Corporate and unallocated G&A was driven by costs associated with YUM's Strategic Transformation Initiatives (See Note 5), non-cash charges associated with the modification of certain EID share-based compensation awards (See Note 5) and higher incentive compensation costs, partially offset by lower professional and legal fees.

Unallocated restaurant costs

In 2017, Unallocated restaurant costs represents depreciation reductions that were not allocated to the Division segments. See Note 5.

Unallocated Franchise and license fees and income

In 2017, Unallocated Franchise and license fees and income primarily reflects charges related to the Pizza Hut U.S. Transformation Agreement . See Note 5.

In 2016, Unallocated Franchise and license fees and income reflects charges related to the KFC U.S. Acceleration Agreement. See Note 5.

Unallocated Franchise and license expenses

Unallocated Franchise and license expenses reflect charges related to the KFC U.S. Acceleration Agreement and/or Pizza Hut U.S. Transformation Agreement. See Note 5.

Unallocated Other income (expense)

In 2017, Unallocated Other income (expense) primarily includes foreign exchange gains (losses). See Note 8.

In 2016, Unallocated Other income (expense) primarily includes write-downs related to our decision to dispose of our corporate aircraft and foreign exchange gains (losses). See Note 8.

In 2015, Unallocated Other income (expense) primarily includes foreign exchange gains (losses).

Interest expense, net

The increases in Interest expense, net for 2017 and 2016 were driven by increased outstanding borrowings. See Note 11.

Income from Discontinued Operations, Net of Tax

The following table is a summary of the operating results of the China business which have been reflected in discontinued operations. See Note 4 for additional information.

	2016[(a)]	2015
Total revenues	$ 5,776	$ 6,909
Total income from discontinued operations before income taxes[(b)]	571	526
Income tax (benefit) provision[(c)]	(65)	164
Income from discontinued operations, net of tax	625	357

(a) Includes Yum China financial results from January 1, 2016 to October 31, 2016.

(b) Includes costs incurred to execute the Separation of $68 million and $9 million for 2016 and 2015, respectively. Such costs primarily relate to transaction advisors, legal and other consulting fees.

(c) During 2016, we recorded a tax benefit of $233 million related to previously recorded losses associated with our Little Sheep business. The tax benefit associated with these losses was able to be recognized as a result of legal entity restructuring completed in anticipation of the China spin-off.

Significant Known Events, Trends or Uncertainties Expected to Impact Future Results

Strategic Transformation Initiatives Impact

We have refranchised a significant number of Company-owned restaurants since the announcement of YUM's Strategic Transformation Initiatives in October 2016, and anticipate that additional, significant refranchising will occur in 2018. The impact on Operating profit due to refranchising includes the loss of restaurant profit, which reflects the decrease in Company sales, and the increase in franchise fees from restaurants that have been refranchised. We expect to reduce G&A, including reductions directly attributable to refranchising, such that upon completion of YUM's Strategic Transformation Initiatives in 2019, on an annual basis, the impact of lost Operating profit from refranchising will be largely offset by G&A reductions we are making. However, we expect that Operating profit will be negatively impacted throughout 2018 as certain G&A reductions lag the loss of Operating profit due to refranchising. We expect the impact of refranchising, net of G&A reductions, to negatively impact Core Operating Profit growth for 2018 by 6 to 7 percentage points.

GAAP Required Change in Accounting for Revenue

See "Recent Accounting Pronouncements" in Note 2 for discussion of the expected impact of changes in GAAP related to revenue recognition.

Tax Cuts and Jobs Act of 2017 ("Tax Act")

The Tax Act was enacted on December 22, 2017 (see Note 18 for discussion of the charge recorded upon enactment). The Tax Act significantly modifies the U.S. corporate income tax system by, among other things, reducing the federal income tax rate from 35% to 21% beginning in 2018, limiting certain deductions, including limiting the deductibility of interest expense to 30% of U.S. Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), imposing a mandatory one-time deemed repatriation tax on accumulated foreign earnings and creating a territorial tax system that changes the manner in which future foreign earnings are subject to U.S. tax.

After considering the impacts of the Tax Act, we anticipate an ongoing effective tax rate of approximately 20-22% compared to our previous guidance of 26-27%. While we expect to benefit from the lower U.S. tax rate, we anticipate this benefit will be partially offset by the limitation on the deductibility of interest. The transition to a territorial tax system is expected to benefit our effective tax rate as a majority of our earnings are generated outside the U.S. However, this benefit is expected to be partially offset by taxes incurred under the Global Intangible Low-Taxed Income provisions of the Tax Act. We currently expect that our 2018 effective tax rate will be slightly below the ongoing anticipated range noted above due to a delay in the applicability of the Global Intangible Low-Taxed Income provision and increased 2018 EBITDA in the U.S. due to our planned U.S. refranchising gains, which will lead to higher interest deductibility.

KFC United Kingdom ("UK") Supply Availability Issues

On February 14, 2018 we and our franchisees transitioned to a new distributor for the food sold in our approximately 900 KFCs in the United Kingdom and Ireland (those restaurants accounted for approximately 3% of YUM's global system sales in the year ended December 31, 2017). In connection with this transition, certain of these restaurants have experienced supply availability issues which have resulted in store closures or stores operating under a limited menu. These supply availability issues continue through the date of this filing, and it is difficult to predict with certainty when such issues may be resolved and all KFCs in the UK and Ireland will be fully operational. While the impact of lost profits as a result of these closures and limited menus has not been material through the date of this filing, prolonged supply availability issues could have a material impact on our revenues. Additionally, should the supply availability issues persist, our franchisees, suppliers and the distributor, whose affiliates also service KFCs located in other countries within Europe, may experience financial distress or require credit support, which could further impact our results of operations.

Consolidated Cash Flows

Net cash provided by operating activities from continuing operations was $1,030 million in 2017 vs. $1,248 million in 2016. The decrease was primarily driven by an increase in interest payments and retirement and deferred compensation payouts to retirees, partially offset by an increase in Operating profit before Special Items.

In 2016, net cash provided by operating activities from continuing operations was $1,248 million compared to $1,260 million in 2015. The decrease was primarily driven by an increase in interest payments, partially offset by a decrease in income tax payments.

Net cash provided by investing activities from continuing operations was $1,472 million in 2017 versus net cash used in investing activities of $4 million in 2016. The increase was primarily driven by higher proceeds from refranchising of restaurants and lower capital spending.

In 2016, net cash used in investing activities from continuing operations was $4 million compared to $199 million in 2015. The decrease was primarily driven by higher refranchising proceeds.

Net cash used in financing activities from continuing operations was $1,795 million in 2017 compared to $744 million in 2016. The increase was primarily driven by lower net borrowings, partially offset by lower share repurchases.

In 2016, net cash used in financing activities from continuing operations was $744 million compared to $1,089 million in 2015. The decrease was primarily driven by higher proceeds from net borrowings, partially offset by higher share repurchases.

Consolidated Financial Condition

Cash and cash equivalents increased due to significant refranchising proceeds received late in the year ended December 31, 2017, as well as cash on hand to fund the March 2018 maturity of $325 million in YUM Senior Unsecured Notes.

The refranchising of Company-operated stores drove decreases in restaurant-level assets and liabilities on our Consolidated Balance Sheet, including within Property, plant and equipment ("PP&E").

Deferred income taxes decreased in connection with the tax charge we recorded upon enactment of the Tax Act (see Note 18).

Long-term debt increased during 2017 due to the issuance of $750 million of Subsidiary Senior Unsecured Notes, partially offset by the reclassification of $325 million of YUM Senior Unsecured Notes to Short-term borrowings due to their March 2018 maturity date.

Liquidity and Capital Resources

In October 2016, we announced YUM's Strategic Transformation Initiatives to drive global expansion of the KFC, Pizza Hut and Taco Bell brands following the Separation on October 31, 2016. As part of this transformation we intend to own less than 1,000 stores by the end of 2018 and, by 2019, reduce annual recurring capital expenditures to approximately $100 million, improve our efficiency by lowering G&A to 1.7% of system sales and increase free cash flow conversion to 100%.

In 2017, we returned $2.4 billion to shareholders through share repurchases and cash dividends and we remain committed to returning between $6.5 and $7.0 billion from 2017 to 2019. We intend to fund these shareholder returns through a combination of refranchising proceeds, free cash flow generation and maintenance of our five times EBITDA leverage. We anticipate generating total proceeds in excess of $2 billion, net of tax, in connection with our refranchising initiatives.

We have historically generated substantial cash flows from the operations of our Company-owned stores and from our extensive franchise operations, which require a limited YUM investment. Our annual operating cash flows from continuing operations have historically been in excess of $1 billion. Going forward, we anticipate that any decrease in operating cash flows from the operation of fewer Company-owned stores due to refranchising will be offset with savings generated from decreased capital investment and G&A required to support company operations. To the extent operating cash flows plus other sources of cash such as refranchising proceeds do not cover our anticipated cash needs, we maintain $1 billion of undrawn capacity under our existing revolving credit facility.

Our balance sheet often reflects a working capital deficit, which is not uncommon in our industry and is also historically common for YUM. Company sales are paid in cash or by credit card (which is quickly converted into cash) and our royalty receivables from franchisees are generally due within 30 days of the period in which the related sales occur. Substantial amounts of cash received have historically been either invested in new restaurant assets which are non-current in nature or returned to shareholders. As part of our working capital strategy, we negotiate favorable credit terms with vendors and, as a result, our on-hand inventory turns faster than the related short-term liabilities. Accordingly, it is not unusual for current liabilities to exceed current assets. We believe such a deficit has no significant impact on our liquidity or operations.

Debt Instruments

As of December 31, 2017, approximately 90%, including the impact of interest rate swaps, of our $9.8 billion of total debt outstanding is fixed with an effective overall interest rate of approximately 4.7%. We are managing a capital structure which is levered in-line with our target of approximately five times EBITDA, and which we believe provides an attractive balance between optimized interest rates, duration and flexibility with diversified sources of liquidity and maturities spread over multiple years. We have credit ratings of BB (Standard & Poor's)/Ba3 (Moody's) with a balance sheet more consistent with highly-levered peer restaurant franchise companies. See Note 11 for details of our financing activities supporting the return of capital initiative.

Securitization Notes. In May 2016, Taco Bell Funding, LLC, a newly formed special purpose subsidiary of the Company, issued an aggregate of $2.3 billion of fixed rate senior secured notes (“Class A-2 Notes”). In connection with the issuance of the Class A-2 Notes, Taco Bell Funding, LLC also issued variable rate notes (the “Variable Funding Notes” and, together with the Class A-2 Notes, the “Securitization Notes”) pursuant to a new revolving financing facility, which allowed for the borrowing of up to $100 million including the issuance of letters of credit up to $50 million. On October 16, 2017, Taco Bell Funding, LLC terminated the Variable Funding Notes. The Securitization Notes contain cross-default provisions whereby the failure to pay principal on any outstanding Securitization Notes will constitute an event of default under any other Securitization Notes.

Credit Agreement. On June 16, 2016, three wholly-owned subsidiaries of the Company, KFC Holding Co., Pizza Hut Holdings, LLC and Taco Bell of America, LLC, as co-borrowers (the "Borrowers") entered into a new credit agreement (the “Credit Agreement”) providing for the following (each of which may be increased subject to certain conditions): (i) a $500 million Term Loan A facility (the “Term Loan A Facility”), (ii) a $2 billion Term Loan B facility (the “Term Loan B Facility”) and (iii) a $1 billion revolving facility (the “Revolving Facility”) which has no outstanding borrowings and has $4 million in letters of credit outstanding as of December 31, 2017, each of which may be increased subject to certain conditions. Our Term Loan A Facility and Term Loan B Facility contain cross-default provisions whereby the failure to pay principal of or otherwise perform any agreement or condition under indebtedness of certain subsidiaries with a principal amount in excess of $100 million will constitute an event of default under the Credit Agreement.

Subsidiary Senior Unsecured Notes. On June 16, 2016, the Borrowers issued an aggregate of $1.05 billion Senior Unsecured Notes due 2024 and an aggregate of $1.05 billion Senior Unsecured Notes due 2026. On June 15, 2017, the Borrowers issued an aggregate of $750 million Senior Unsecured Notes due June 1, 2027 (together with the June 16, 2016 issuances, the “Subsidiary Senior Unsecured Notes”). Our Subsidiary Senior Unsecured Notes contain cross-default provisions whereby the acceleration of the maturity of the indebtedness of certain subsidiaries with a principal amount in excess of $100 million or the failure to pay principal of such indebtedness will constitute an event of default under the Subsidiary Senior Unsecured Notes.

The majority of our remaining long-term debt primarily comprises senior, unsecured obligations ("YUM Senior Unsecured Notes") which ranks equally in right of payment with all of our existing and future unsecured unsubordinated indebtedness. Amounts outstanding under YUM Senior Unsecured Notes were $2.2 billion at December 31, 2017. Our YUM Senior Unsecured Notes contain cross-default provisions whereby the acceleration of the maturity of any of our indebtedness in a principal amount in excess of $50 million will constitute a default under the YUM Senior Unsecured Notes unless such indebtedness is discharged, or the acceleration of the maturity of that indebtedness is annulled, within 30 days after notice.

The following table summarizes the future maturities of our outstanding long-term debt, excluding capital leases, as of December 31, 2017.

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2037	2043	Total
Securitization Notes	$ 23	$ 23	$ 789	$ 15	$ 15	$ 479	$ 10	$ 10	$ 907				$ 2,271
Credit Agreement	32	45	51	76	395	1,876							2,475
Subsidiary Senior Unsecured Notes							1,050		1,050	750			2,850
YUM Senior Unsecured Notes	325	250	350	350		325					325	275	2,200
Total	$ 380	$ 318	$1,190	$ 441	$410	$2,680	$1,060	$ 10	$1,957	$ 750	$ 325	$ 275	$ 9,796

See Note 11 for details on the the Securitization Notes, Subsidiary Senior Unsecured Notes, the Credit Agreement and YUM Senior Unsecured Notes.

Contractual Obligations

Our significant contractual obligations and payments as of December 31, 2017 included:

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt obligations[a]	$ 12,970	$ 801	$ 2,301	$ 1,538	$ 8,330
Capital leases[b]	136	13	25	22	76
Operating leases[b]	899	124	198	142	435
Purchase obligations[c]	377	216	123	38	—
Benefit plans and other[d]	284	100	66	26	92
Total contractual obligations	$ 14,666	$ 1,254	$ 2,713	$ 1,766	$ 8,933

(a) Amounts include maturities of debt outstanding as of December 31, 2017 and expected interest payments on those outstanding amounts on a nominal basis. See Note 11.

(b) These obligations, which are shown on a nominal basis, relate primarily to approximately 900 Company-owned restaurants. See Note 12.

(c) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. We have excluded agreements that are cancelable without penalty. Purchase obligations relate primarily to supply agreements, marketing, information technology, purchases of PP&E as well as consulting, maintenance and other agreements. Amounts include estimated payments for our incremental advertising contributions related to the KFC U.S. Acceleration Agreement and the Pizza Hut U.S. Transformation Agreement. See Note 5.

(d) Includes actuarially-determined timing of payments from our most significant unfunded pension plan as well as scheduled payments from our deferred compensation plan and other unfunded benefit plans where payment dates are determinable. This table excludes $39 million of future benefit payments for deferred compensation and other unfunded benefit plans to be paid upon separation of employee's service or retirement from the company, as we cannot reasonably estimate the dates of these future cash payments. Other amounts include a cash tax obligation related to the mandatory deemed repatriation tax provisions of the Tax Act (see Note 18) and anticipated investments, other than incremental advertising, related to the KFC U.S. Acceleration Agreement and the Pizza Hut U.S. Transformation Agreement (see Note 5).

We sponsor noncontributory defined benefit pension plans covering certain salaried and hourly employees, the most significant of which are in the U.S. and UK. The most significant of the U.S. plans, the YUM Retirement Plan (the "Plan"), is funded while benefits from our other significant U.S. plan are paid by the Company as incurred (see footnote (d) above). Our funding policy for the Plan is to contribute annually amounts that will at least equal the minimum amounts required to comply with the Pension Protection Act of 2006. However, additional voluntary contributions are made from time-to-time to improve the Plan's funded status. At December 31, 2017 the Plan was in a net underfunded position of $59 million. The UK pension plans were in a net overfunded position of $71 million at our 2017 measurement date.

We do not anticipate making any significant contributions to the Plan in 2018. Investment performance and corporate bond rates have a significant effect on our net funding position as they drive our asset balances and discount rate assumptions. Future changes in investment performance and corporate bond rates could impact our funded status and the timing and amounts of required contributions in 2018 and beyond.

Our post-retirement health care plan in the U.S. is not required to be funded in advance, but is pay as you go. We made post-retirement benefit payments of $5 million in 2017 and no future funding amounts are included in the contractual obligations table. See Note 15.

We have excluded from the contractual obligations table payments we may make for exposures for which we are self-insured, including workers' compensation, employment practices liability, general liability, automobile liability, product liability and

property losses (collectively "property and casualty losses") and employee healthcare and long-term disability claims. The majority of our recorded liability for self-insured property and casualty losses and employee healthcare and long-term disability claims represents estimated reserves for incurred claims that have yet to be filed or settled.

We have not included in the contractual obligations table approximately $100 million of liabilities for unrecognized tax benefits relating to various tax positions we have taken. These liabilities may increase or decrease over time as a result of tax examinations, and given the status of the examinations, we cannot reliably estimate the period of any cash settlement with the respective taxing authorities.

Off-Balance Sheet Arrangements

See the Lease Guarantees and Franchise Loan Pool and Equipment Guarantees sections of Note 20 for discussion of our off-balance sheet arrangements.

New Accounting Pronouncements Not Yet Adopted

The Financial Accounting Standards Board ("FASB") has issued standards to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. These standards are effective for the Company in our first quarter of 2018, and we will adopt the standards using the modified retrospective transition method. See "Recent Accounting Pronouncements" in Note 2 for additional information regarding our adoption of the new revenue recognition standards.

In February 2016, the FASB issued a standard on the recognition and measurement of leases, which is intended to increase transparency and comparability among organizations by requiring that substantially all lease assets and liabilities be recognized on the balance sheet and by requiring the disclosure of key information about leasing arrangements. This standard is effective for the Company in our first quarter of 2019 with early adoption permitted. The standard must be adopted using a modified retrospective transition method. We currently plan to adopt this standard in the first quarter of 2019 and we are evaluating the impact the adoption of this standard will have on our Financial Statements. Based on our current volume of store leases and subleases to franchisees (see Note 12) we expect this adoption will result in a material increase in the assets and liabilities on our Consolidated Balance Sheets; however, we believe the impact will be less material over time as we execute our strategy to be at least 98% franchised by 2019 and thus are a party to fewer leases. Further, we do not anticipate adoption will have a significant impact on our Consolidated Statements of Income or Cash Flows.

In June 2016, the FASB issued a standard that requires measurement and recognition of expected versus incurred credit losses for financial assets held. The standard is effective for the Company in our first quarter of fiscal 2020 with early adoption permitted beginning in the first quarter of 2019. We are currently evaluating the impact the adoption of this standard will have on our Financial Statements.

In October 2016, the FASB issued a standard that requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. The guidance will require a modified retrospective application with a cumulative adjustment to opening retained earnings at the beginning of our first quarter of 2018. We anticipate a reduction in Other assets of approximately $40 million upon adoption to write-off the unamortized tax consequences of certain historical intra-entity transfers of assets with an offsetting increase to our Accumulated deficit.

In August 2017, the FASB issued a standard that refines and expands existing hedge accounting guidance. The standard is effective for the Company in our first quarter of 2019 with early adoption permitted. We do not anticipate the impact of adopting this standard will be material to our Financial Statements.

Critical Accounting Policies and Estimates

Our reported results are impacted by the application of certain accounting policies that require us to make subjective or complex judgments. These judgments involve estimations of the effect of matters that are inherently uncertain and may significantly impact our quarterly or annual results of operations or financial condition. Changes in the estimates and judgments could significantly affect our results of operations and financial condition and cash flows in future years. A description of what we consider to be our most significant critical accounting policies follows.

Impairment or Disposal of Long-Lived Assets

We review long-lived assets of restaurants (primarily PP&E and allocated intangible assets subject to amortization) semi-annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable. We evaluate recoverability based on the restaurant's forecasted undiscounted cash flows, which incorporate our best estimate of sales growth and margin improvement based upon our plans for the unit and actual results at comparable restaurants. For restaurant assets that are deemed to not be recoverable, we write-down the impaired restaurant to its estimated fair value. Key assumptions in the determination of fair value are the future after-tax cash flows of the restaurant, which are reduced by future royalties a franchisee would pay, and a discount rate. The after-tax cash flows incorporate reasonable sales growth and margin improvement assumptions that would be used by a franchisee in the determination of a purchase price for the restaurant. Estimates of future cash flows are highly subjective judgments and can be significantly impacted by changes in the business or economic conditions.

We perform an impairment evaluation at a restaurant group level if it is more likely than not that we will refranchise restaurants as a group. Expected net sales proceeds are generally based on actual bids from the buyer, if available, or anticipated bids given the discounted projected after-tax cash flows for the group of restaurants. Historically, these anticipated bids have been reasonably accurate estimations of the proceeds ultimately received. The after-tax cash flows used in determining the anticipated bids incorporate reasonable assumptions we believe a franchisee would make such as sales growth and margin improvement as well as expectations as to the useful lives of the restaurant assets. These after-tax cash flows also include a deduction for the anticipated, future royalties we would receive under a franchise agreement with terms substantially at market entered into simultaneously with the refranchising transaction.

The discount rate used in the fair value calculations is our estimate of the required rate of return that a franchisee would expect to receive when purchasing a similar restaurant or groups of restaurants and the related long-lived assets. The discount rate incorporates rates of returns for historical refranchising market transactions and is commensurate with the risks and uncertainty inherent in the forecasted cash flows.

Impairment of Goodwill

We evaluate goodwill for impairment on an annual basis as of the beginning of our fourth quarter or more often if an event occurs or circumstances change that indicates impairment might exist. Goodwill is evaluated for impairment by determining whether the fair value of our reporting units exceed their carrying values. Our reporting units are our business units (which are aligned based on geography) in our KFC, Pizza Hut and Taco Bell Divisions. Fair value is the price a willing buyer would pay for the reporting unit, and is generally estimated using discounted expected future after-tax cash flows from franchise royalties and Company-owned restaurant operations, if any.

Future cash flow estimates and the discount rate are the key assumptions when estimating the fair value of a reporting unit. Future cash flows are based on growth expectations relative to recent historical performance and incorporate sales growth (from net new restaurants or same-sales growth) and margin improvement (for those reporting units which include Company-owned restaurant operations) assumptions that we believe a third-party buyer would assume when determining a purchase price for the reporting unit. Any margin improvement assumptions that factor into the discounted cash flows are highly correlated with sales growth as cash flow growth can be achieved through various interrelated strategies such as product pricing and restaurant productivity initiatives. The discount rate is our estimate of the required rate of return that a third-party buyer would expect to receive when purchasing a business from us that constitutes a reporting unit. We believe the discount rate is commensurate with the risks and uncertainty inherent in the forecasted cash flows.

The fair values of all our reporting units with goodwill balances were substantially in excess of their respective carrying values as of the 2017 goodwill testing date.

When we refranchise restaurants, we include goodwill in the carrying amount of the restaurants disposed of based on the relative fair values of the portion of the reporting unit disposed of in the refranchising versus the portion of the reporting unit that will be retained. The fair value of the portion of the reporting unit disposed of in a refranchising is determined by reference to the discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee, which include a deduction for the anticipated, future royalties the franchisee will pay us associated with the franchise agreement entered into simultaneously with the refranchising transaction. Appropriate adjustments are made to the fair value determinations if such franchise agreement is determined to not be at prevailing market rates. When determining whether such franchise agreement is at prevailing market rates our primary consideration is consistency with the terms of our current franchise agreements both within the country that the restaurants are being refranchised in and around the world. The Company believes consistency in royalty

rates as a percentage of sales is appropriate as the Company and franchisee share in the impact of near-term fluctuations in sales results with the acknowledgment that over the long-term the royalty rate represents an appropriate rate for both parties.

The discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee is reduced by future royalties the franchisee will pay the Company. The Company thus considers the fair value of future royalties to be received under the franchise agreement as fair value retained in its determination of the goodwill to be written off when refranchising. Others may consider the fair value of these future royalties as fair value disposed of and thus would conclude that a larger percentage of a reporting unit's fair value is disposed of in a refranchising transaction.

During 2017, refranchising activity completed by the Company resulted in the write-off of $36 million in Goodwill within Refranchising (gain) loss, representing 7% of beginning-of-year Company goodwill. Of the $36 million, the most significant write-offs were recognized by KFC Turkey and Taco Bell U.S. Within KFC Turkey, all remaining company restaurants were refranchised and $13 million in goodwill was written off (representing 33% of beginning-of-year goodwill). Within Taco Bell U.S., 251 restaurants were refranchised (representing 29% of beginning-of-year company units) and $8 million in goodwill was written off (representing 7% of beginning-of-year goodwill).

See Note 2 for a further discussion of our policies regarding goodwill.

Self-Insured Property and Casualty Losses

We record our best estimate of the remaining cost to settle incurred self-insured property and casualty losses. The estimate is based on the results of an independent actuarial study and considers historical claim frequency and severity as well as changes in factors such as our business environment, benefit levels, medical costs and the regulatory environment that could impact overall self-insurance costs. Additionally, our reserve includes a risk margin to cover unforeseen events that may occur over the several years required to settle claims, increasing our confidence level that the recorded reserve is adequate.

See Note 20 for a further discussion of our insurance programs.

Pension Plans

Certain of our employees are covered under defined benefit pension plans. Our two most significant plans are in the U.S. and combined had a projected benefit obligation ("PBO") of $1,007 million and a fair value of plan assets of $864 million at December 31, 2017.

The PBO reflects the actuarial present value of all benefits earned to date by employees and incorporates assumptions as to future compensation levels. Due to the relatively long time frame over which benefits earned to date are expected to be paid, our PBOs are highly sensitive to changes in discount rates. For our U.S. plans, we measured our PBOs using a discount rate of 3.90% at December 31, 2017. This discount rate was determined with the assistance of our independent actuary. The primary basis for this discount rate determination is a model that consists of a hypothetical portfolio of ten or more corporate debt instruments rated Aa or higher by Moody's or Standard & Poor's ("S&P") with cash flows that mirror our expected benefit payment cash flows under the plans. We exclude from the model those corporate debt instruments flagged by Moody's or S&P for a potential downgrade (if the potential downgrade would result in a rating below Aa by both Moody's and S&P) and bonds with yields that were two standard deviations or more above the mean. In considering possible bond portfolios, the model allows the bond cash flows for a particular year to exceed the expected benefit payment cash flows for that year. Such excesses are assumed to be reinvested at appropriate one-year forward rates and used to meet the benefit payment cash flows in a future year. The weighted-average yield of this hypothetical portfolio was used to arrive at an appropriate discount rate. We also ensure that changes in the discount rate as compared to the prior year are consistent with the overall change in prevailing market rates and make adjustments as necessary. A 50 basis-point increase in this discount rate would have decreased these U.S. plans' PBOs by approximately $65 million at our measurement date. Conversely, a 50 basis-point decrease in this discount rate would have increased our U.S. plans' PBOs by approximately $75 million at our measurement date.

The net periodic benefit cost we will record in 2018 is also impacted by the discount rate, as well as the long-term rates of return on plan assets and mortality assumptions we selected at our measurement date. We expect net periodic benefit cost for our U.S. plans to increase approximately $6 million in 2018. A 50 basis-point decrease in our discount rate assumption at our 2017 measurement date would further increase our 2018 U.S. net periodic benefit cost by approximately $9 million. A 50 basis-point increase in our discount rate assumption at our 2017 measurement date would decrease our 2018 U.S. net periodic benefit cost by approximately $8 million. The impacts of changes in net periodic benefit costs are reflected primarily in Other pension (income) expense.

Our estimated long-term rate of return on U.S. plan assets is based upon the weighted-average of historical and expected future returns for each asset category. Our expected long-term rate of return on U.S. plan assets, for purposes of determining 2018 pension expense, at December 31, 2017 was 5.65%, net of administrative and investment fees paid from plan assets. We believe this rate is appropriate given the composition of our plan assets and historical market returns thereon. A 100 basis point change in our expected long-term rate of return on plan assets assumption would impact our 2018 U.S. net periodic benefit cost by approximately $8 million. Additionally, every 100 basis point variation in actual return on plan assets versus our expected return of 5.65% will impact our unrecognized pre-tax actuarial net loss by approximately $8 million. The impacts of changes in net periodic benefit costs are recorded to Other pension (income) expense.

A decrease in discount rates over time has largely contributed to an unrecognized pre-tax actuarial net loss of $134 million included in AOCI for these U.S. plans at December 31, 2017. We will recognize approximately $16 million of such loss in net periodic benefit cost in 2018 versus $5 million recognized in 2017. See Note 15.

In the first quarter of 2017, we adopted FASB issued guidance related to the presentation of non-service components of net periodic pension cost. As a result, expense associated with changes in actuarial assumptions, settlement charges and other non-service related charges are primarily recorded to Other pension (income) expense.

Income Taxes

At December 31, 2017, we had valuation allowances of approximately $421 million to reduce our $847 million of deferred tax assets to amounts that are more likely than not to be realized. The net deferred tax assets primarily relate to foreign tax credits and temporary differences in profitable U.S. federal, state and foreign jurisdictions and net operating losses in certain foreign jurisdictions, the majority of which do not expire. In evaluating our ability to recover our deferred tax assets, we consider future taxable income in the various jurisdictions as well as carryforward periods and restrictions on usage. The estimation of future taxable income in these jurisdictions and our resulting ability to utilize deferred tax assets can significantly change based on future events, including our determinations as to feasibility of certain tax planning strategies and refranchising plans. Thus, recorded valuation allowances may be subject to material future changes.

As a matter of course, we are regularly audited by federal, state and foreign tax authorities. We recognize the benefit of positions taken or expected to be taken in our tax returns in our Income tax provision when it is more likely than not that the position would be sustained upon examination by these tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. At December 31, 2017, we had $100 million of unrecognized tax benefits, $10 million of which are temporary in nature and, if recognized, would not impact the effective tax rate. We evaluate unrecognized tax benefits, including interest thereon, on a quarterly basis to ensure that they have been appropriately adjusted for events, including audit settlements, which may impact our ultimate payment for such exposures.

On December 22, 2017, the SEC staff issued SEC Staff Accounting Bulletin ("SAB") 118 to address the accounting implications of the 2017 Tax Cuts and Jobs Act ("Tax Act"). SAB 118 permits a company to recognize provisional amounts for the one-time tax effects of the Tax Act upon enactment when it does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete its accounting for the change in tax law. The measurement period to finalize our calculations cannot extend beyond one year of the enactment date. Key provisions that have a significant impact on our Financial Statements and where we have recognized estimated amounts include the recognition of liabilities for taxes on mandatory one-time deemed repatriation of accumulated earnings of foreign subsidiaries, the remeasurement of certain net deferred tax assets and liabilities, and establishment of a valuation allowance on our foreign tax credit carryforwards.

The Tax Act includes a mandatory deemed repatriation tax on accumulated earnings of foreign subsidiaries, and as a result, previously unremitted earnings for which no U.S. deferred tax liability had been provided have now been subject to U.S. tax. Our cash currently held overseas is primarily limited to that necessary to fund working capital requirements. Thus, we have not provided taxes on our foreign unremitted earnings, other than U.S. federal taxes provided in connection with the mandatory deemed repatriation tax, as we believe they are indefinitely reinvested. See Note 18 for a further discussion of our Income taxes.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company is exposed to financial market risks associated with interest rates, foreign currency exchange rates and commodity prices. In the normal course of business and in accordance with our policies, we manage these risks through a variety of strategies, which may include the use of financial and commodity derivative instruments to hedge our underlying exposures. Our policies prohibit the use of derivative instruments for trading purposes, and we have processes in place to monitor and control their use.

Interest Rate Risk

We have a market risk exposure to changes in interest rates, principally in the U.S. Our outstanding Long-term debt of $9.8 billion includes 75% fixed-rate debt and 25% variable-rate debt. We have attempted to minimize the interest rate risk related to $1.55 billion of this variable-rate debt through the use of interest rate swaps. As a result, approximately 90% of our $9.8 billion of outstanding debt at December 31, 2017 is effectively fixed-rate debt. See Note 11 for details on these issuances and repayments and Note 13 for details related to interest rate swaps.

As of December 31, 2017 and December 31, 2016 a hypothetical 100 basis-point increase in short-term interest rates would result, over the following twelve-month period after consideration of the aforementioned interest rate swaps, in an increase of approximately $9 million and $10 million, respectively, in Interest expense, net within our Consolidated Statements of Income. These estimated amounts are based upon the current level of variable-rate debt that has not been swapped to fixed and assume no changes in the volume or composition of that debt and exclude any impact from interest income related to cash and cash equivalents.

The fair value of our cumulative fixed-rate debt of $7.3 billion as of December 31, 2017, would decrease approximately $400 million as a result of the same hypothetical 100 basis-point increase. At December 31, 2017, a hypothetical 100 basis-point decrease in short-term interest rates would decrease the fair value of our interest rate swaps approximately $50 million. Fair value was determined based on the present value of expected future cash flows considering the risks involved and using discount rates appropriate for the durations.

Foreign Currency Exchange Rate Risk

Changes in foreign currency exchange rates impact the translation of our reported foreign currency denominated earnings, cash flows and net investments in foreign operations and the fair value of our foreign currency denominated financial instruments. Historically, we have chosen not to hedge foreign currency risks related to our foreign currency denominated earnings and cash flows through the use of financial instruments. We attempt to minimize the exposure related to our net investments in foreign operations by financing those investments with local currency denominated debt when practical. In addition, we attempt to minimize the exposure related to foreign currency denominated financial instruments by purchasing goods and services from third parties in local currencies when practical. Consequently, foreign currency denominated financial instruments consist primarily of intercompany receivables and payables. At times, we utilize forward contracts and cross-currency swaps to reduce our exposure related to these intercompany receivables and payables. The notional amount and maturity dates of these contracts match those of the underlying receivables or payables such that our foreign currency exchange risk related to these instruments is minimized.

The Company's foreign currency net asset exposure (defined as foreign currency assets less foreign currency liabilities) totaled approximately $2.0 billion as of December 31, 2017. Operating in international markets exposes the Company to movements in foreign currency exchange rates. The Company's primary exposures result from our operations in Asia-Pacific, Europe and the Americas. For the fiscal year ended December 31, 2017 Operating Profit would have decreased approximately $180 million if all foreign currencies had uniformly weakened 10% relative to the U.S. dollar. This estimated reduction assumes no changes in sales volumes or local currency sales or input prices.

Commodity Price Risk

We are subject to volatility in food costs as a result of market risk associated with commodity prices. Our ability to recover increased costs through higher pricing is, at times, limited by the competitive environment in which we operate. We manage our exposure to this risk primarily through pricing agreements with our vendors.

Item 8. Financial Statements and Supplementary Data.

INDEX TO FINANCIAL INFORMATION

Financial Statement Schedules

No schedules are required because either the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the above-listed financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

YUM! Brands, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of YUM! Brands, Inc. and Subsidiaries (YUM) as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity (deficit) for each of the fiscal years in the three-year period ended December 31, 2017, and the related notes collectively, the "consolidated financial statements." We also have audited YUM's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of YUM as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles. Also in our opinion, YUM maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Change in Accounting Principle

As discussed in notes 2 and 5 to the consolidated financial statements, the comparative consolidated balance sheet as of December 31, 2016, and the comparative consolidated statements of income, comprehensive income, cash flows and shareholders' equity (deficit) for the fiscal years ended December 31, 2016 and 2015 have been restated for the effects of the change in accounting principle whereby YUM changed its fiscal year from a 52-53 week fiscal year to a fiscal year ending on December 31 of each year and eliminated any of the one-month or one-period reporting lags of its international subsidiaries.

Basis for Opinions

YUM's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, "Management's Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on YUM's consolidated financial statements and an opinion on YUM's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to YUM in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial

statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

We have served as YUM's auditor since 1997.

Louisville, Kentucky
February 21, 2018

Consolidated Statements of Income

YUM! Brands, Inc. and Subsidiaries

Fiscal years ended December 31, 2017, 2016 and 2015

(in millions, except per share data)

	2017	2016 (As Restated)	2015 (As Restated)
Revenues			
Company sales	$ 3,572	$ 4,189	$ 4,336
Franchise and license fees and income	2,306	2,167	2,082
Total revenues	5,878	6,356	6,418
Costs and Expenses, Net			
Company restaurants			
Food and paper	1,103	1,267	1,340
Payroll and employee benefits	939	1,106	1,125
Occupancy and other operating expenses	912	1,116	1,162
Company restaurant expenses	2,954	3,489	3,627
General and administrative expenses	999	1,129	1,058
Franchise and license expenses	237	201	240
Closures and impairment (income) expenses	3	15	16
Refranchising (gain) loss	(1,083)	(163)	23
Other (income) expense	7	3	20
Total costs and expenses, net	3,117	4,674	4,984
Operating Profit	2,761	1,682	1,434
Other pension (income) expense	47	32	40
Interest expense, net	440	305	141
Income from continuing operations before income taxes	2,274	1,345	1,253
Income tax provision	934	327	327
Income from continuing operations	1,340	1,018	926
Income from discontinued operations, net of tax	N/A	625	357
Net Income	$ 1,340	$ 1,643	$ 1,283
Basic Earnings per Common Share from continuing operations	$ 3.86	$ 2.58	$ 2.13
Basic Earnings per Common Share from discontinued operations	N/A	$ 1.59	$ 0.82
Basic Earnings Per Common Share	$ 3.86	$ 4.17	$ 2.95
Diluted Earnings per Common Share from continuing operations	$ 3.77	$ 2.54	$ 2.09
Diluted Earnings per Common Share from discontinued operations	N/A	$ 1.56	$ 0.81
Diluted Earnings Per Common Share	$ 3.77	$ 4.10	$ 2.90

Dividends Declared Per Common Share	$ 0.90	$ 1.73	$ 1.74

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income
YUM! Brands, Inc. and Subsidiaries
Fiscal years ended December 31, 2017, 2016 and 2015
(in millions)

	2017	2016 (As Restated)	2015 (As Restated)
Net Income	$ 1,340	$ 1,643	$ 1,283
Other comprehensive income (loss), net of tax:			
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature			
Adjustments and gains (losses) arising during the year	115	(174)	(231)
Reclassifications of adjustments and (gains) losses into Net Income	55	(11)	115
	170	(185)	(116)
Tax (expense) benefit	(8)	21	—
	162	(164)	(116)
Changes in pension and post-retirement benefits			
Unrealized gains (losses) arising during the year	(17)	(62)	101
Reclassification of (gains) losses into Net Income	52	44	53
	35	(18)	154
Tax (expense) benefit	(14)	4	(57)
	21	(14)	97
Changes in derivative instruments			
Unrealized gains (losses) arising during the year	(52)	57	48
Reclassification of (gains) losses into Net Income	58	(22)	(53)
	6	35	(5)
Tax (expense) benefit	(2)	(16)	—
	4	19	(5)
Other comprehensive income (loss), net of tax	187	(159)	(24)
Comprehensive Income	$ 1,527	$ 1,484	$ 1,259

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
YUM! Brands, Inc. and Subsidiaries
Fiscal years ended December 31, 2017, 2016 and 2015
(in millions)

	2017	2016 (As Restated)	2015 (As Restated)
Cash Flows – Operating Activities from Continuing Operations			
Net Income	$ 1,340	$ 1,643	$ 1,283
Income from discontinued operations, net of tax	—	(625)	(357)
Depreciation and amortization	253	310	319
Closures and impairment (income) expenses	3	15	16
Refranchising (gain) loss	(1,083)	(163)	23
Contributions to defined benefit pension plans	(55)	(41)	(98)
Deferred income taxes	634	28	(101)
Share-based compensation expense	65	80	46
Changes in accounts and notes receivable	(19)	(23)	(36)
Changes in inventories	3	1	(4)
Changes in prepaid expenses and other current assets	(13)	(1)	(14)
Changes in accounts payable and other current liabilities	(173)	(40)	55
Changes in income taxes payable	(55)	20	53
Other, net	130	44	75
Net Cash Provided by Operating Activities from Continuing Operations	1,030	1,248	1,260
Cash Flows – Investing Activities from Continuing Operations			
Capital spending	(318)	(427)	(442)
Proceeds from refranchising of restaurants	1,773	370	213
Other, net	17	53	30
Net Cash Provided by (Used in) Investing Activities from Continuing Operations	1,472	(4)	(199)
Cash Flows – Financing Activities from Continuing Operations			
Proceeds from long-term debt	1,088	6,900	—
Repayments of long-term debt	(385)	(323)	(267)
Revolving credit facilities, three months or less, net	—	(685)	303
Short-term borrowings, by original maturity			
More than three months – proceeds	—	1,400	609
More than three months – payments	—	(2,000)	—
Three months or less, net	—	—	—
Repurchase shares of Common Stock	(1,960)	(5,403)	(1,200)
Dividends paid on Common Stock	(416)	(744)	(730)
Debt issuance costs	(32)	(86)	—
Net transfers from discontinued operations	—	289	235
Other, net	(90)	(92)	(39)
Net Cash Used in Financing Activities from Continuing Operations	(1,795)	(744)	(1,089)
Effect of Exchange Rate on Cash and Cash Equivalents	61	(34)	—
Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents - Continuing Operations	768	466	(28)
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents – Beginning of Year	831	365	393
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents – End of Year	$ 1,599	$ 831	$ 365

Cash Provided by Operating Activities from Discontinued Operations	$ —	$ 829	$ 931
Cash Used in Investing Activities from Discontinued Operations	—	(287)	(493)
Cash Used in Financing Activities from Discontinued Operations	—	(292)	(234)

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets
YUM! Brands, Inc. and Subsidiaries
December 31, 2017 and 2016
(in millions)

	2017	2016 (As Restated)
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,522	$ 725
Accounts and notes receivable, net	400	370
Inventories	13	37
Prepaid expenses and other current assets	371	236
Advertising cooperative assets, restricted	201	137
Total Current Assets	2,507	1,505
Property, plant and equipment, net	1,697	2,113
Goodwill	512	536
Intangible assets, net	110	151
Other assets	346	376
Deferred income taxes	139	772
Total Assets	$ 5,311	$ 5,453
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and other current liabilities	$ 813	$ 1,067
Income taxes payable	123	36
Short-term borrowings	375	66
Advertising cooperative liabilities	201	137
Total Current Liabilities	1,512	1,306
Long-term debt	9,429	9,059
Other liabilities and deferred credits	704	703
Total Liabilities	11,645	11,068
Shareholders' Deficit		
Common Stock, no par value, 750 shares authorized; 332 shares and 355 shares issued in 2017 and 2016, respectively	—	—
Accumulated deficit	(6,063)	(5,157)
Accumulated other comprehensive loss	(271)	(458)
Total Shareholders' Deficit	(6,334)	(5,615)
Total Liabilities and Shareholders' Deficit	$ 5,311	$ 5,453

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity (Deficit)

YUM! Brands, Inc. and Subsidiaries

Fiscal years ended December 31, 2017, 2016 and 2015

(in millions)

	Yum! Brands, Inc.						
	Issued Common Stock		Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income(Loss)	Noncontrolling Interests	Total Shareholders' Equity (Deficit)	Redeemable Noncontrolling Interest
	Shares	Amount					
Balance at December 31, 2014 (As Restated)	434	$ —	$ 1,784	$ (228)	$ 57	$ 1,613	$ 9
Net Income (loss)			1,283		6	1,289	(1)
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature (net of tax impact of $3 million)				(228)	(4)	(232)	(2)
Reclassification of translation adjustments into income (net of tax impact of $3 million)				112		112	
Pension and post-retirement benefit plans (net of tax impact of $57 million)				97		97	
Net loss on derivative instruments (net of tax impact of $0 million)				(5)		(5)	
Comprehensive Income (loss)						1,261	(3)
Dividends declared			(756)			(756)	
Acquisition of Little Sheep store-level noncontrolling interests		1			(1)	—	
Repurchase of shares of Common Stock	(16)	(76)	(1,124)			(1,200)	
Employee share-based award exercises (includes tax impact of $50 million)	2	7				7	
Share-based compensation events		68				68	
Balance at December 31, 2015 (As Restated)	420	$ —	$ 1,187	$ (252)	$ 58	$ 993	$ 6
Net Income (loss)			1,643		18	1,661	(7)
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature (net of tax impact of $21 million)				(153)	(3)	(156)	1
Reclassification of translation adjustments into income				(11)		(11)	
Pension and post-retirement benefit plans (net of tax impact of $4 million)				(14)		(14)	
Net gain on derivative instruments (net of tax impact of $16 million)				19		19	
Comprehensive Income (loss)						1,499	(6)
Dividends declared			(661)		(6)	(667)	
Separation of China business			(1,927)	(47)	(67)	(2,041)	
Repurchase of shares of Common Stock	(68)	(49)	(5,399)			(5,448)	
Employee share-based award exercises (includes tax impact of $85 million)	3	(4)				(4)	
Share-based compensation events		53				53	
Balance at December 31, 2016 (As Restated)	355	$ —	$ (5,157)	$ (458)	$ —	$ (5,615)	$ —
Net Income			1,340			1,340	

Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature (net of tax impact of $8 million)				107		107	
Reclassification of translation adjustments into income				55		55	
Pension and post-retirement benefit plans (net of tax impact of $14 million)				21		21	
Net gain on derivative instruments (net of tax impact of $2 million)				4		4	
Comprehensive Income						1,527	
Dividends declared			(311)			(311)	
Repurchase of shares of Common Stock	(27)	—	(1,915)			(1,915)	
Employee share-based award exercises	4	(58)	(20)			(78)	
Share-based compensation events	—	58	—			58	
Balance at December 31, 2017	332	$ —	$ (6,063)	$ (271)	$ —	$ (6,334)	$ —

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements
(Tabular amounts in millions, except share data)

Note 1 – Description of Business

YUM! Brands, Inc. and its Subsidiaries (collectively referred to herein as "YUM" or the "Company") comprise the worldwide operations of KFC, Pizza Hut and Taco Bell (collectively the "Concepts"). YUM has over 45,000 units of which 60% are located outside the U.S. in more than 135 countries and territories. YUM was created as an independent, publicly-owned company on October 6, 1997 via a tax-free distribution by our former parent, PepsiCo, Inc., of our Common Stock to its shareholders. References to YUM throughout these Consolidated Financial Statements are made using the first person notations of "we," "us" or "our."

Through our widely-recognized Concepts, we develop, operate or franchise a system of both traditional and non-traditional quick service restaurants. The terms "franchise" or "franchisee" within these Consolidated Financial Statements are meant to describe third parties that operate units under either franchise or license agreements. Each Concept has proprietary menu items and emphasizes the preparation of food with high quality ingredients as well as unique recipes and special seasonings to provide appealing, convenient, tasty and attractive food at competitive prices. Our traditional restaurants feature dine-in, carryout and, in some instances, drive-thru or delivery service. Non-traditional units include express units and kiosks which have a more limited menu and operate in non-traditional locations like malls, airports, gasoline service stations, train stations, subways, convenience stores, stadiums, amusement parks and colleges, where a full-scale traditional outlet would not be practical or efficient. We also operate multibrand units, where two or more of our Concepts are operated in a single unit.

As of December 31, 2017, YUM consisted of three operating segments:

- The KFC Division which includes our worldwide operations of the KFC concept
- The Pizza Hut Division which includes our worldwide operations of the Pizza Hut concept
- The Taco Bell Division which includes our worldwide operations of the Taco Bell concept

On October 31, 2016 (the "Distribution Date"), we completed the spin-off of our China business (the "Separation") into an independent, publicly-traded company under the name of Yum China Holdings, Inc. ("Yum China"). On the Distribution Date, we distributed to each of our shareholders of record as of the close of business on October 19, 2016 (the "Record Date") one share of Yum China common stock for each share of our Common Stock held as of the Record Date. The distribution was structured to be a tax free distribution to our U.S. shareholders for federal income tax purposes in the U.S. Yum China's common stock trades on the New York Stock Exchange under the symbol "YUMC." After the distribution, we do not beneficially own any shares of Yum China common stock.

Concurrent with the Separation, a subsidiary of the Company entered into a Master License Agreement with a subsidiary of Yum China for the exclusive right to use and sublicense the use of intellectual property owned by YUM and its affiliates for the development and operation of KFC, Pizza Hut and Taco Bell restaurants in China. Prior to the Separation, our operations in mainland China were reported in our former China Division segment results. As a result of the Separation, the results of operations and cash flows of the separated business are presented as discontinued operations in our Consolidated Statements of Income and Consolidated Statements of Cash Flows for all periods presented. See additional information related to the impact of the Separation in Note 4.

Note 2 – Summary of Significant Accounting Policies

Our preparation of the accompanying Consolidated Financial Statements in conformity with Generally Accepted Accounting Principles in the United States of America ("GAAP") requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Principles of Consolidation and Basis of Preparation. Intercompany accounts and transactions have been eliminated in consolidation. We consolidate entities in which we have a controlling financial interest, the usual condition of which is ownership of a majority voting interest. We also consider for consolidation an entity, in which we have certain interests, where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity ("VIE"), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it.

Our most significant variable interests are in entities that operate restaurants under our Concepts' franchise and license arrangements. We do not have an equity interest in any of our franchisee businesses. Additionally, we do not typically provide significant financial support such as loans or guarantees to our franchisees. However, we do have variable interests in certain franchisees through real estate lease arrangements to which we are a party. At the end of 2017, YUM has future lease payments due from franchisees, on a nominal basis, of approximately $725 million, and we are contingently liable on certain other lease agreements that have been assigned to franchisees. See the Lease Guarantees and Franchise Loan Pool and Equipment Guarantees sections in Note 20. As our franchise and license arrangements provide our franchisee entities the power to direct the activities that most significantly impact their economic performance, we do not consider ourselves the primary beneficiary of any such entity that might otherwise be considered a VIE.

See Note 20 for additional information on our entity that operates a franchise lending program that is a VIE in which we have a variable interest but for which we are not the primary beneficiary and thus do not consolidate.

We participate in various advertising cooperatives with our franchisees established to collect and administer funds contributed for use in advertising and promotional programs designed to increase sales and enhance the reputation of the Company and its franchise owners. Contributions to the advertising cooperatives are required for both Company-owned and franchise restaurants and are generally based on a percentage of restaurant sales. We maintain certain variable interests in these cooperatives. As the cooperatives are required to spend all funds collected on advertising and promotional programs, total equity at risk is not sufficient to permit the cooperatives to finance their activities without additional subordinated financial support. Therefore, these cooperatives are VIEs. As a result of our voting rights, we consolidate certain of these cooperatives for which we are the primary beneficiary. Advertising cooperative assets, consisting primarily of cash received from the Company and franchisees and accounts receivable from franchisees, can only be used to settle obligations of the respective cooperative. Advertising cooperative liabilities represent the corresponding obligation arising from the receipt of the contributions to purchase advertising and promotional programs for which creditors do not have recourse to the general credit of the Company as the primary beneficiary. Therefore, we report all assets and liabilities of these advertising cooperatives that we consolidate as Advertising cooperative assets, restricted and Advertising cooperative liabilities in the Consolidated Balance Sheet. As the contributions to these cooperatives are designated and segregated for advertising, we act as an agent for the franchisees with regard to these contributions. Thus, we do not reflect franchisee contributions to these cooperatives in our Consolidated Statements of Income or Consolidated Statements of Cash Flows.

Fiscal Year. Our fiscal years have historically ended on the last Saturday in December and, as a result, a 53rd week was added every five or six years. The first three quarters of each fiscal year consisted of 12 weeks and the fourth quarter consisted of 16 weeks in fiscal years with 52 weeks and 17 weeks in fiscal years with 53 weeks. Our U.S. subsidiaries and certain international subsidiaries operated on similar fiscal calendars. Our remaining international subsidiaries operated on a monthly calendar, and thus never had a 53rd week, with two months in the first quarter, three months in the second and third quarters and four months in the fourth quarter. Certain international subsidiaries within our KFC, Pizza Hut and Taco Bell divisions have historically closed approximately one month or one period earlier to facilitate consolidated reporting.

Fiscal year 2016 included 53 weeks for our U.S. businesses and for our international subsidiaries that reported on a period calendar. The 53rd week added $76 million to Total revenues and $28 million to Operating Profit in our 2016 Consolidated Statement of Income.

On January 27, 2017, YUM's Board of Directors approved a change in the Company's fiscal year from a year ending on the last Saturday of December to a year beginning on January 1 and ending December 31 of each year, commencing with the year ending December 31, 2017. In connection with this change, the Company moved from a 52-week periodic fiscal calendar with three 12-week interim quarters and a 16-week fourth quarter to a monthly reporting calendar with each quarter comprised of three months. Our U.S. subsidiaries continue to report on a period calendar as described above.

Concurrent with the change in the Company's fiscal year, we also eliminated the one month or one period reporting lags of our international subsidiaries. As a result of removing these reporting lags, each international subsidiary operates either on a monthly calendar consistent with the Company's new calendar or on a periodic calendar consistent with our U.S. subsidiaries. We believe this change in our international subsidiary reporting calendars and the resulting elimination of reporting lags is preferable because a more current reporting calendar allows the Consolidated Financial Statements to more consistently and more timely reflect the impact of current events, economic conditions and global trends.

The change to the Company's fiscal year and removal of the international reporting lags is effective in 2017. We have applied this change in accounting principle retrospectively to all prior financial periods presented and the impact of this change is summarized in Note 5. The impact of the change in accounting principle on the current period Consolidated Financial Statements is similar to the impact on the prior period results discussed in Note 5.

Foreign Currency. The functional currency of our foreign entities is the currency of the primary economic environment in which the entity operates. Functional currency determinations are made based upon a number of economic factors, including but not limited to cash flows and financing transactions. The operations, assets and liabilities of our entities outside the U.S. are initially measured using the functional currency of that entity. Income and expense accounts for our operations of these foreign entities are then translated into U.S. dollars at the average exchange rates prevailing during the period. Assets and liabilities of these foreign entities are then translated into U.S. dollars at exchange rates in effect at the balance sheet date. As of December 31, 2017, net cumulative translation adjustment losses of $174 million are recorded in Accumulated other comprehensive loss ("AOCI") in the Consolidated Balance Sheet.

The majority of our foreign currency net asset exposure is in countries where we have Company-owned restaurants. As we manage and share resources at the individual brand level within a country, cumulative translation adjustments are recorded and tracked at the foreign-entity level that represents the operations of our individual brands within that country. Translation adjustments recorded in AOCI are subsequently recognized as income or expense generally only upon sale of the related investment in a foreign entity, or upon a sale of assets and liabilities within a foreign entity that represents a complete or substantially complete liquidation of that foreign entity. For purposes of determining whether a sale or complete or substantially complete liquidation of an investment in a foreign entity has occurred, we consider those same foreign entities for which we record and track cumulative translation adjustments.

Gains and losses arising from the impact of foreign currency exchange rate fluctuations on transactions in foreign currency are included in Other (income) expense in our Consolidated Statements of Income.

Reclassifications. We have reclassified certain items in the Consolidated Financial Statements for prior periods to be comparable with the classification for the fiscal year ended December 31, 2017. These reclassifications had no effect on previously reported Net Income, as restated.

Franchise Operations. We execute store-level franchise agreements for units operated by third parties which set out the terms of our arrangement with the franchisee. Our franchise agreements typically require the franchisee to pay an initial, non-refundable fee upon an individual store opening and continuing fees based upon a percentage of sales. Subject to our approval and their payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration. Additionally, we execute master franchise agreements in certain regions that transfer administrative and development obligations and sub-franchising rights to a franchisee in exchange for reduced franchise fees.

The internal costs we incur to provide support services to our franchisees are charged to General and administrative expenses (“G&A”) as incurred. Certain direct costs of our franchise operations are charged to Franchise and license expenses. These costs include provisions for estimated uncollectible fees, rent or depreciation expense associated with restaurants we lease or sublease to franchisees, franchise marketing funding, amortization expense for franchise-related intangible assets, value added taxes on royalties and certain other direct incremental franchise support costs.

Revenue Recognition. Revenues from Company-owned restaurants are recognized when payment is tendered at the time of sale. The Company presents sales net of sales-related taxes. Income from our franchisees includes initial fees, continuing fees, renewal fees and rental income from restaurants we lease or sublease to them. We recognize initial fees received from a franchisee as revenue when we have performed substantially all initial services required by the franchise agreement, which is generally upon the opening of a store. We recognize continuing fees, which are based upon a percentage of franchisee sales as those sales occur and rental income is recognized as it is earned. We recognize renewal fees when a renewal agreement with a franchisee becomes effective.

While the majority of our franchise agreements are entered into with terms and conditions consistent with those at a prevailing market rate, there are instances when we enter into franchise agreements with terms that are not at market rates (for example, below-market continuing fees) for a specified period of time. We recognize the estimated value of terms in franchise agreements entered into concurrently with a refranchising transaction that are not consistent with market terms as part of the upfront Refranchising (gain) loss and amortize that amount into Franchise and license fees and income over the period such terms are in effect. The value of terms that are not considered to be at market within franchise agreements is estimated based upon the difference between the present value of the cash expected to be received under the franchise agreement and the present value of the cash that would have been expected to be received under a franchise agreement with terms substantially consistent with market.

Direct Marketing Costs. To the extent we participate in advertising cooperatives, we expense our contributions as incurred which are based on a percentage of sales. We charge direct marketing costs incurred outside of a cooperative to expense ratably in relation to revenues over the year in which incurred and, in the case of advertising production costs, in the year the advertisement is first

shown. Deferred direct marketing costs, which are classified as prepaid expenses, consist of media and related advertising production costs which will generally be used for the first time in the next fiscal year and have historically not been significant. Our advertising expenses were $245 million, $260 million and $253 million in 2017, 2016 and 2015, respectively. We report the majority of our direct marketing costs in Occupancy and other operating expenses as they are incurred as a percentage of sales by Company-owned restaurants. Advertising incurred on behalf of franchised restaurants is recorded within Franchise and license expenses, including $25 million related to the Pizza Hut U.S. Transformation Agreement and $20 million related to the KFC U.S. Acceleration Agreement in 2017. See Note 5 for further discussion of these agreements.

Research and Development Expenses. Research and development expenses, which we expense as incurred, are reported in G&A. Research and development expenses were $22 million, $24 million and $23 million in 2017, 2016 and 2015, respectively.

Share-Based Employee Compensation. We recognize ongoing share-based payments to employees, including grants of employee stock options and stock appreciation rights ("SARs"), in the Consolidated Financial Statements as compensation cost over the service period based on their fair value on the date of grant. This compensation cost is recognized over the service period on a straight-line basis, net of an assumed forfeiture rate, for awards that actually vest. We present this compensation cost consistent with the other compensation costs for the employee recipient in either Payroll and employee benefits or G&A. See Note 16 for further discussion of our share-based compensation plans.

Legal Costs. Settlement costs are accrued when they are deemed probable and reasonably estimable. Anticipated legal fees related to self-insured workers' compensation, employment practices liability, general liability, automobile liability, product liability and property losses (collectively, "property and casualty losses") are accrued when deemed probable and reasonably estimable. Legal fees not related to self-insured property and casualty losses are recognized as incurred. See Note 20 for further discussion of our legal proceedings.

Impairment or Disposal of Property, Plant and Equipment. Property, plant and equipment ("PP&E") is tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. The assets are not recoverable if their carrying value is less than the undiscounted cash flows we expect to generate from such assets. If the assets are not deemed to be recoverable, impairment is measured based on the excess of their carrying value over their fair value.

For purposes of impairment testing for our restaurants, we have concluded that an individual restaurant is the lowest level of independent cash flows unless it is more likely than not that we will refranchise restaurants as a group. We review our long-lived assets of such individual restaurants (primarily PP&E and allocated intangible assets subject to amortization) semi-annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable. We use two consecutive years of operating losses as our primary indicator of potential impairment for our semi-annual impairment testing of these restaurant assets. We evaluate the recoverability of these restaurant assets by comparing the estimated undiscounted future cash flows, which are based on our entity-specific assumptions, to the carrying value of such assets. For restaurant assets that are not deemed to be recoverable, we write-down an impaired restaurant to its estimated fair value, which becomes its new cost basis. Fair value is an estimate of the price a franchisee would pay for the restaurant and its related assets and is determined by discounting the estimated future after-tax cash flows of the restaurant, which include a deduction for royalties we would receive under a franchise agreement with terms substantially at market. The after-tax cash flows incorporate reasonable assumptions we believe a franchisee would make such as sales growth and margin improvement. The discount rate used in the fair value calculation is our estimate of the required rate of return that a franchisee would expect to receive when purchasing a similar restaurant and the related long-lived assets. The discount rate incorporates rates of returns for historical refranchising market transactions and is commensurate with the risks and uncertainty inherent in the forecasted cash flows.

In executing our refranchising initiatives, we most often offer groups of restaurants for sale. When we believe it is more likely than not a restaurant or groups of restaurants will be refranchised for a price less than their carrying value, but do not believe the restaurant(s) have met the criteria to be classified as held for sale, we review the restaurants for impairment. We evaluate the recoverability of these restaurant assets by comparing estimated sales proceeds plus holding period cash flows, if any, to the carrying value of the restaurant or group of restaurants. For restaurant assets that are not deemed to be recoverable, we recognize impairment for any excess of carrying value over the fair value of the restaurants, which is based on the expected net sales proceeds. To the extent ongoing agreements to be entered into with the franchisee simultaneous with the refranchising are expected to contain terms, such as royalty rates, not at prevailing market rates, we consider the off-market terms in our impairment evaluation. We recognize any such impairment charges in Refranchising (gain) loss. Refranchising (gain) loss includes the gains or losses from the sales of our restaurants to new and existing franchisees, including any impairment charges discussed above, and associated termination, relocation or retention costs associated with store-level employees of refranchised stores or employees of restaurant-support centers which we have closed due to refranchising. We recognize gains on restaurant refranchisings when the sale transaction closes and control of the restaurant operations have transferred to the franchisee.

When we decide to close a restaurant, it is reviewed for impairment and depreciable lives are adjusted based on the expected disposal date. Other costs incurred when closing a restaurant such as costs of disposing of the assets as well as other facility-related expenses from previously closed stores are generally expensed as incurred. Additionally, at the date we cease using a property under an operating lease, we record a liability for the net present value of any remaining lease obligations, net of estimated sublease income, if any. Any costs recorded upon store closure as well as any subsequent adjustments to liabilities for remaining lease obligations as a result of lease termination or changes in estimates of sublease income are recorded in Closures and impairment (income) expenses. To the extent we sell assets, primarily land, associated with a closed store, any gain or loss upon that sale is also recorded in Closures and impairment (income) expenses.

Considerable management judgment is necessary to estimate future cash flows, including cash flows from continuing use, terminal value, sublease income and refranchising proceeds. Accordingly, actual results could vary significantly from our estimates.

Guarantees. We recognize, at inception of a guarantee, a liability for the fair value of certain obligations undertaken. The majority of our guarantees are issued as a result of assigning our interest in obligations under operating leases as a condition to the refranchising of certain Company restaurants. We recognize a liability for the fair value of such lease guarantees upon refranchising and upon subsequent renewals of such leases when we remain contingently liable. The related expense and any subsequent changes are included in Refranchising (gain) loss. Any expense and subsequent changes in the guarantees for other franchise support guarantees not associated with a refranchising transaction are included in Franchise and license expense.

Income Taxes. We record deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as operating loss, capital loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences or carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in our Income tax provision in the period that includes the enactment date. Additionally, in determining the need for recording a valuation allowance against the carrying amount of deferred tax assets, we consider the amount of taxable income and periods over which it must be earned, actual levels of past taxable income and known trends and events or transactions that are expected to affect future levels of taxable income. Where we determine that it is more likely than not that all or a portion of an asset will not be realized, we record a valuation allowance.

We recognize the benefit of positions taken or expected to be taken in our tax returns in our income tax provision when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. We evaluate these amounts on a quarterly basis to ensure that they have been appropriately adjusted for audit settlements and other events we believe may impact the outcome. Changes in judgment that result in subsequent recognition, derecognition or a change in measurement of a tax position taken in a prior annual period (including any related interest and penalties) are recognized as a discrete item in the interim period in which the change occurs. We recognize accrued interest and penalties related to unrecognized tax benefits as components of our income tax provision.

We do not record a deferred tax liability for unremitted earnings of our foreign subsidiaries (except for the U.S. tax provided for as part of the Tax Act enacted on December 22, 2017, see Note 18) to the extent that the earnings meet the indefinite reversal criteria. This criteria is met if the foreign subsidiary has invested, or will invest, the earnings indefinitely. The decision as to the amount of unremitted earnings that we intend to maintain in non-U.S. subsidiaries considers items including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity plans and expected cash requirements in the U.S.

See Note 18 for a further discussion of our income taxes.

Fair Value Measurements. Fair value is the price we would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. For those assets and liabilities we record or disclose at fair value, we determine fair value based upon the quoted market price, if available. If a quoted market price is not available for identical assets, we determine fair value based upon the quoted market price of similar assets or the present value of expected future cash flows considering the risks involved, including counterparty performance risk if appropriate, and using discount rates appropriate for the duration. The fair values are assigned a level within the fair value hierarchy, depending on the source of the inputs into the calculation.

Level 1	Inputs based upon quoted prices in active markets for identical assets.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
Level 3	Inputs that are unobservable for the asset.

Cash and Cash Equivalents. Cash equivalents represent funds we have temporarily invested (with original maturities not exceeding three months), including short-term, highly liquid debt securities. Cash and overdraft balances that meet the criteria for right of setoff are presented net on our Consolidated Balance Sheet.

Receivables. The Company's receivables are primarily generated from ongoing business relationships with our franchisees as a result of franchise and lease agreements. Trade receivables consisting of royalties from franchisees, including Yum China, are generally due within 30 days of the period in which the corresponding sales occur and are classified as Accounts and notes receivable, net on our Consolidated Balance Sheet. Yum China is our largest franchisee and we recorded franchise fee revenues of approximately $260 million from Yum China in 2017. Our provision for uncollectible franchisee receivable balances is based upon pre-defined aging criteria or upon the occurrence of other events that indicate that we may not collect the balance due. Additionally, we monitor the financial condition of our franchisees and record provisions for estimated losses on receivables when we believe it probable that our franchisees will be unable to make their required payments. While we use the best information available in making our determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond our control. We recorded $5 million, less than $1 million and $6 million in net provisions within Franchise and license expenses in 2017, 2016 and 2015, respectively, related to uncollectible franchise and license trade receivables.Trade receivables that are ultimately deemed to be uncollectible, and for which collection efforts have been exhausted, are written off against the allowance for doubtful accounts.

	2017	2016
Accounts and notes receivable	$ 419	$ 384
Allowance for doubtful accounts	(19)	(14)
Accounts and notes receivable, net	$ 400	$ 370

Our financing receivables primarily consist of notes receivables and direct financing leases with franchisees which we enter into from time-to-time. As these receivables primarily relate to our ongoing business agreements with franchisees, we consider such receivables to have similar risk characteristics and evaluate them as one collective portfolio segment and class for determining the allowance for doubtful accounts. We monitor the financial condition of our franchisees and record provisions for estimated losses on receivables when we believe it is probable that our franchisees will be unable to make their required payments. Balances of notes receivable and direct financing leases due within one year are included in Accounts and notes receivable, net while amounts due beyond one year are included in Other assets. Amounts included in Other assets totaled $38 million and $29 million (net of an allowance of $2 million) at December 31, 2017 and December 31, 2016, respectively. Financing receivables that are ultimately deemed to be uncollectible, and for which collection efforts have been exhausted, are written off against the allowance for doubtful accounts. Interest income recorded on financing receivables has historically been insignificant.

Inventories. We value our inventories at the lower of cost (computed on the first-in, first-out method) or market.

Property, Plant and Equipment. We state PP&E at cost less accumulated depreciation and amortization. We calculate depreciation and amortization on a straight-line basis over the estimated useful lives of the assets as follows: 5 to 25 years for buildings and leasehold improvements, 3 to 20 years for machinery and equipment and 3 to 7 years for capitalized software costs. We suspend depreciation and amortization on assets that are held for sale.

Leases and Leasehold Improvements. The Company leases land, buildings or both for certain of its restaurants and restaurant support centers worldwide. The length of our lease terms, which vary by country and often include renewal options, are an important factor in determining the appropriate accounting for leases including the initial classification of the lease as capital or operating and the timing of recognition of rent expense over the duration of the lease. We include renewal option periods in determining the term of our leases when failure to renew the lease would impose a penalty on the Company in such an amount that a renewal appears to be reasonably assured at the inception of the lease. The primary penalty to which we are subject is the economic detriment associated with the existence of leasehold improvements which might be impaired if we choose not to continue the use of the leased property. Leasehold improvements are amortized over the shorter of their estimated useful lives or the lease term. We generally do not receive leasehold improvement incentives upon opening a store that is subject to a lease.

We expense rent associated with leased land or buildings while a restaurant is being constructed whether rent is paid or we are subject to a rent holiday. Additionally, certain of the Company's operating leases contain predetermined fixed escalations of the minimum rent during the lease term. For leases with fixed escalating payments and/or rent holidays, we record rent expense on a straight-line basis over the lease term, including any option periods considered in the determination of that lease term. Contingent rentals are based on sales levels in excess of stipulated amounts, and thus are not considered minimum lease payments and are included in rent expense when attainment of the contingency is considered probable (e.g. when Company sales occur).

Internal Development Costs and Abandoned Site Costs. We capitalize direct costs associated with the site acquisition and construction of a Company unit on that site, including direct internal payroll and payroll-related costs. Only those site-specific costs incurred subsequent to the time that the site acquisition is considered probable are capitalized. If we subsequently make a determination that it is probable a site for which internal development costs have been capitalized will not be acquired or developed, any previously capitalized internal development costs are expensed and included in G&A.

Goodwill and Intangible Assets. From time-to-time, the Company acquires restaurants from one of our Concept's franchisees or acquires another business. Goodwill from these acquisitions represents the excess of the cost of a business acquired over the net of the amounts assigned to assets acquired, including identifiable intangible assets and liabilities assumed. Goodwill is not amortized and has been assigned to reporting units for purposes of impairment testing. Our reporting units are our business units (which are aligned based on geography) in our KFC, Pizza Hut and Taco Bell Divisions.

We evaluate goodwill for impairment on an annual basis or more often if an event occurs or circumstances change that indicate impairment might exist. We have selected the beginning of our fourth quarter as the date on which to perform our ongoing annual impairment test for goodwill. We may elect to perform a qualitative assessment for our reporting units to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying value. If a qualitative assessment is not performed, or if as a result of a qualitative assessment it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, then the reporting unit's fair value is compared to its carrying value. Fair value is the price a willing buyer would pay for a reporting unit, and is generally estimated using discounted expected future after-tax cash flows from Company-owned restaurant operations and franchise royalties. The discount rate is our estimate of the required rate of return that a third-party buyer would expect to receive when purchasing a business from us that constitutes a reporting unit. We believe the discount rate is commensurate with the risks and uncertainty inherent in the forecasted cash flows. If the carrying value of a reporting unit exceeds its fair value, goodwill is written down to its implied fair value.

If we record goodwill upon acquisition of a restaurant(s) from a franchisee and such restaurant(s) is then sold within two years of acquisition, the goodwill associated with the acquired restaurant(s) is written off in its entirety. If the restaurant is refranchised two years or more subsequent to its acquisition, we include goodwill in the carrying amount of the restaurants disposed of based on the relative fair values of the portion of the reporting unit disposed of in the refranchising and the portion of the reporting unit that will be retained. The fair value of the portion of the reporting unit disposed of in a refranchising is determined by reference to the discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee, which includes a deduction for the anticipated, future royalties the franchisee will pay us associated with the franchise agreement entered into simultaneously with the refranchising transition. The fair value of the reporting unit retained is based on the price a willing buyer would pay for the reporting unit and includes the value of franchise agreements. Appropriate adjustments are made if a franchise agreement includes terms that are determined to not be at prevailing market rates. As such, the fair value of the reporting unit retained can include expected cash flows from future royalties from those restaurants currently being refranchised, future royalties from existing franchise businesses and company restaurant operations. As a result, the percentage of a reporting unit's goodwill that will be written off in a refranchising transaction will be less than the percentage of the reporting unit's Company-owned restaurants that are refranchised in that transaction and goodwill can be allocated to a reporting unit with only franchise restaurants.

Our definite-lived intangible assets that are not allocated to an individual restaurant are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. An intangible asset that is deemed not recoverable on an undiscounted basis is written down to its estimated fair value, which is our estimate of the price a willing buyer would pay for the intangible asset based on discounted expected future after-tax cash flows. For purposes of our impairment analysis, we update the cash flows that were initially used to value the definite-lived intangible asset to reflect our current estimates and assumptions over the asset's future remaining life.

Derivative Financial Instruments. We use derivative instruments primarily to hedge interest rate and foreign currency risks. These derivative contracts are entered into with financial institutions. We do not use derivative instruments for trading purposes and we have procedures in place to monitor and control their use.

We record all derivative instruments on our Consolidated Balance Sheet at fair value. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative instrument is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Any ineffective portion of the gain or loss on the derivative instrument for a cash flow hedge is recorded in the results of operations immediately. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in the results of operations immediately.

As a result of the use of derivative instruments, the Company is exposed to risk that the counterparties will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into contracts with carefully selected major financial institutions based upon their credit ratings and other factors, and continually assess the creditworthiness of counterparties. At December 31, 2017 and December 31, 2016, all of the counterparties to our interest rate swaps, foreign currency swaps and foreign currency forwards had investment grade ratings according to the three major ratings agencies. To date, all counterparties have performed in accordance with their contractual obligations.

Common Stock Share Repurchases. From time-to-time, we repurchase shares of our Common Stock under share repurchase programs authorized by our Board of Directors. Shares repurchased constitute authorized, but unissued shares under the North Carolina laws under which we are incorporated. Additionally, our Common Stock has no par or stated value. Accordingly, we record the full value of share repurchases, or other deductions to Common Stock such as shares cancelled upon employee share-based award exercises, upon the trade date, against Common Stock on our Consolidated Balance Sheet except when to do so would result in a negative balance in such Common Stock account. In such instances, on a period basis, we record the cost of any further share repurchases, or other deductions to Common Stock such as shares cancelled upon employee share-based award exercises, as an addition to Accumulated deficit. Due to the large number of share repurchases of our stock over the past several years, our Common Stock balance is frequently zero at the end of any period. Accordingly, $1,915 million, $5,399 million and $1,124 million in share repurchases in 2017, 2016 and 2015, respectively, and $20 million related to shares cancelled upon employee share-based award exercises in 2017 were recorded as an addition to Accumulated deficit. See Note 17 for additional information on our share repurchases.

Pension and Post-retirement Medical Benefits. We measure and recognize the overfunded or underfunded status of our pension and post-retirement plans as an asset or liability in our Consolidated Balance Sheet as of our fiscal year end. The funded status represents the difference between the projected benefit obligations and the fair value of plan assets, which is calculated on a plan-by-plan basis. The projected benefit obligation and related funded status are determined using assumptions as of the end of each year. The projected benefit obligation is the present value of benefits earned to date by plan participants, including the effect of future salary increases, as applicable. The difference between the projected benefit obligations and the fair value of plan assets that has not previously been recognized in our Consolidated Statement of Income is recorded as a component of AOCI.

The net periodic benefit costs associated with the Company's defined benefit pension and post-retirement medical plans are determined using assumptions regarding the projected benefit obligation and, for funded plans, the market-related value of plan assets as of the beginning of each year, or remeasurement period, it applicable. We record the service cost component of net periodic benefit costs in G&A. Non-service cost components are recorded in Other pension (income) expense. We have elected to use a market-related value of plan assets to calculate the expected return on assets, net of administrative and investment fees paid from plan assets, in net periodic benefit costs. We recognize differences in the fair value versus the market-related value of plan assets evenly over five years. For each individual plan we amortize into pension expense the net amounts in AOCI, as adjusted for the difference between the fair value and market-related value of plan assets, to the extent that such amounts exceed 10% of the greater of a plan’s projected benefit obligation or market-related value of assets, over the remaining service period of active participants in the plan or, for plans with no active participants, over the expected average life expectancy of the inactive participants in the plan. We record a curtailment when an event occurs that significantly reduces the expected years of future service or eliminates the accrual of defined benefits for the future services of a significant number of employees. We record a curtailment gain when the employees who are entitled to the benefits terminate their employment; we record a curtailment loss when it becomes probable a loss will occur.

We recognize settlement gains or losses only when we have determined that the cost of all settlements in a year will exceed the sum of the service and interest costs within an individual plan.

Recent Accounting Pronouncements. The Financial Accounting Standards Board (“FASB”) has issued standards to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industri

es. These standards are effective for the Company in our first quarter of 2018 and we will adopt the standards using the modified retrospective method. Upon adoption, we will record an increase in Total Shareholders' Deficit of approximately $230 million on our Consolidated Balance Sheet, which includes the impact to deferred taxes from adopting the standards. We expect the adoption of the standards to negatively impact 2018 Operating Profit by approximately $45 million. Significant changes to the Company's accounting policies are summarized below.

These standards require that the transaction price received from customers be allocated to each separate and distinct performance obligation. The transaction price attributable to each separate and distinct performance obligation is then recognized as the performance obligations are satisfied. The services we provide related to upfront fees we receive from franchisees such as initial or renewal fees do not contain separate and distinct performance obligations from the franchise right and thus those upfront fees will be recognized as revenue over the term of each respective franchise agreement. We currently recognize upfront franchise fees such as initial and renewal fees when the related services have been provided, which is when a store opens for initial fees and when renewal options become effective for renewal fees. These standards require any unamortized portion of fees received prior to adoption be presented in our Consolidated Balance Sheet as a contract liability. Upon adoption we expect the recognition of unamortized upfront fees to increase Total Liabilities by approximately $390 million.

Similarly, the benefits we receive from incentive payments we may make to our franchisees (e.g. equipment funding provided under the KFC U.S. Acceleration Agreement, see Note 5) are not separate and distinct from the benefits we receive from the franchise right and thus those incentive payments will be amortized as a reduction of revenue over the period of expected cash flows from the franchise agreements to which the payment relates. Currently, we recognize any payments made to franchisees within our Consolidated Statements of Income when we are obligated to make the payment. These standards require any such unamortized portion of payments prior to adoption to be presented in our Consolidated Balance Sheet as an asset. Upon adoption we expect the recognition of unamortized incentive payments to increase Total Assets by approximately $140 million.

These standards will also have an impact on transactions currently not included in our revenues and expenses such as franchisee contributions to and subsequent expenditures from advertising cooperatives that we are required to consolidate and other cost reimbursement arrangements we have with our franchisees. We do not currently include these contributions and expenditures in our Consolidated Statements of Income or Cash Flows. The new standards will impact the principal/agent determinations in these arrangements by superseding industry-specific guidance included in current GAAP. When we are the principal in these transactions we will include the related contributions and expenditures within our Consolidated Statements of Income and Cash Flows. As a result of this change, we expect the increase in both Total revenues and Total costs and expenses, net in 2018 will approximate $1.0 billion, with no significant impact to Net Income. The assets and liabilities held by advertising cooperatives, which have historically been reported as Advertising cooperative assets, restricted and Advertising cooperative liabilities, respectively, will be included within the respective balance sheet caption to which the assets and liabilities relate.

These standards will not impact the recognition of our two largest sources of revenue, sales in company-owned restaurants and sales-based continuing fees from franchisees. Additionally, the new standards will not impact the recognition of refranchising gains and losses as these transactions are divestitures of businesses and thus outside the scope of the standards.

We are evaluating the impact of the standards on our disclosures of the Company's revenues. Further, we are currently implementing internal controls related to the recognition and presentation of the Company's revenues under these new standards.

In March 2016, the FASB issued guidance related to stock-based compensation which is intended to simplify several aspects of the accounting for employee share-based payment transactions, including their income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. We adopted this standard beginning with the quarter ended March 31, 2017.

The impact of adoption included the recognition of excess tax benefits within our income tax provision for share-based payments made of $117 million during the year ended December 31, 2017. Additionally, the standard requires these excess tax benefits be reported as operating activities in the Consolidated Statements of Cash Flows as opposed to within financing activities as they have been historically reported. We elected retrospective presentation of excess tax benefits as operating cash flows for prior years. As a result, $83 million and $46 million of excess tax benefits previously presented as a financing activity have been reclassified to operating activities for the years ended December 31, 2016 and 2015, respectively, in our Consolidated Statements of Cash Flows. No other provisions of this standard had a material impact on the Company's Consolidated Financial Statements or disclosures.

In March 2017, the FASB issued guidance on the presentation of net periodic pension cost and net periodic postretirement benefit cost (collectively, "Benefit Costs"). The standard does not change the requirement that an employer report the service cost component of these Benefit Costs in the same line item or items as other compensation costs arising from services rendered by employees during the period. However, the standard requires that the non-service components of these Benefit Costs be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. We early adopted the standard beginning with the quarter ended March 31, 2017, on a retrospective basis. As a result, for 2016 and 2015, we have reclassified $32 million and $40 million, respectively, related to non-service components of Benefit Costs from their prior Financial Statement captions (Payroll and employee benefits and G&A) into a new Financial Statement caption titled Other pension (income) expense in our Consolidated Statements of Income. The adoption of this standard does not impact Net Income.

Note 3 – Earnings Per Common Share ("EPS")

	2017	2016	2015
Income from continuing operations	$ 1,340	$ 1,018	$ 926
Income from discontinued operations	N/A	625	357
Net Income	$ 1,340	$ 1,643	$ 1,283
Weighted-average common shares outstanding (for basic calculation)	347	394	435
Effect of dilutive share-based employee compensation	8	6	8
Weighted-average common and dilutive potential common shares outstanding (for diluted calculation)	355	400	443
Basic EPS from continuing operations	$ 3.86	$ 2.58	$ 2.13
Basic EPS from discontinued operations	N/A	1.59	0.82
Basic EPS	$ 3.86	$ 4.17	$ 2.95
Diluted EPS from continuing operations	$ 3.77	$ 2.54	$ 2.09
Diluted EPS from discontinued operations	N/A	1.56	$ 0.81
Diluted EPS	$ 3.77	$ 4.10	$ 2.90
Unexercised employee stock options and stock appreciation rights (in millions) excluded from the diluted EPS computation[(a)]	2.3	5.0	4.5

(a) These unexercised employee stock options and stock appreciation rights were not included in the computation of diluted EPS because to do so would have been antidilutive for the periods presented.

Note 4 - Discontinued Operations

As discussed in Note 1, on October 31, 2016, the Company completed the Separation of our China business.

In connection with the Separation, the Company and Yum China entered into a Separation and Distribution Agreement as well as various other agreements that provide a framework for the relationships between the parties, including among others a Tax Matters Agreement, an Employee Matters Agreement, a Transition Services Agreement and a Master License Agreement. These agreements provided for the allocation between the Company and Yum China of assets, employees, liabilities and obligations (including investments, property, employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after the Separation and govern certain relationships between the Company and Yum China after the Separation.

For all the periods prior to the Separation, the financial results of Yum China are presented as Income from discontinued operations, net of tax in the Consolidated Statements of Income and Cash flows from discontinued operations in our Consolidated Statements of Cash Flows.

The financial results of Yum China presented in discontinued operations reflect the results of the former China Division, an operating segment of the Company until the Separation, adjusted for the inclusion of certain G&A, non-cash impairment charges, refranchising gains, interest and income taxes that were previously not allocated to but were related to the former China Division's historical results of operations.

Additionally, these financial results reflect a deduction for royalties on sales of KFC and Pizza Hut Company-owned stores in China that prior to the Separation were paid, pursuant to an intercompany franchise agreement, by an entity of Yum China to a Company entity. This royalty expense was not reflected in our China Division results that were presented prior to the Separation,

as it was then an intercompany transaction that was eliminated in consolidation, but has been reflected in our Company's discontinued operations as such royalty arrangement continued pursuant to the Master License Agreement. Additionally, our China Division results that were presented prior to the Separation have been adjusted to exclude the portion of the royalties paid by third-party franchisees in China that have historically and continue to be remitted to a Company entity. These adjustments to our previously presented China Division results in determining Income from discontinued operations, net of tax were offset by adjustments to our KFC and Pizza Hut Divisions' results such that there was no impact on total reported Net Income.

The following table presents the financial results of the Company’s discontinued operations:

	2016[(a)]	2015
Company sales	$ 5,667	$ 6,789
Franchise and license fees and income	109	120
Company restaurant expenses	(4,766)	(5,913)
G&A expenses[(b)]	(406)	(405)
Franchise and license expenses	(45)	(48)
Closures and impairment expenses	(57)	(64)
Refranchising gain	12	13
Other income[(c)]	49	27
Interest income, net	8	7
Income from discontinued operations before income taxes	571	526
Income tax benefit (provision)[(d)]	65	(164)
Income from discontinued operations - including noncontrolling interests	636	362
(Income) loss from discontinued operations - noncontrolling interests	(11)	(5)
Income from discontinued operations, net of tax	$ 625	$ 357

(a) Includes Yum China financial results from January 1, 2016 to October 31, 2016.

(b) Includes costs incurred to execute the Separation of $68 million and $9 million for 2016 and 2015, respectively. Such costs primarily relate to transaction advisors, legal and other consulting fees.

(c) Primarily relates to equity income from KFC franchisees in which Yum China owns a minority interest.

(d) During 2016, we recorded a tax benefit of $233 million related to previously recorded losses associated with our Little Sheep business. The tax benefit associated with these losses was able to be recognized as a result of legal entity restructuring completed in anticipation of the Separation.

Cash inflows from Yum China to the Company in 2017 and 2016, subsequent to the Separation, related to the Master License Agreement was $217 million and $16 million, respectively, net of taxes paid and primarily related to royalty revenues.

Note 5 – Items Affecting Comparability of Net Income and Cash Flows

Tax Cuts and Jobs Act of 2017 (“Tax Act”)

We recognized $434 million in our 2017 Income tax provision as a result of the December 22, 2017 enactment of the Tax Act. See Note 18 for a discussion of the charge.

Refranchising (Gain) Loss

The Refranchising (gain) loss by reportable segment is presented below. Given the size and volatility of refranchising initiatives, our chief operating decision maker ("CODM") does not consider the impact of Refranchising (gain) loss when assessing segment performance. As such, we do not allocate such gains and losses to our segments for performance reporting purposes.

During the years ended December 31, 2017, 2016 and 2015, we refranchised 1,470, 432 and 270 restaurants, respectively. We received $1,773 million, $370 million and $213 million in pre-tax proceeds in 2017, 2016 and 2015, respectively, related to these transactions.

A summary of Refranchising (gain) loss is as follows:

	Refranchising (gain) loss		
	2017	2016	2015
KFC Division[a]	$ (581)	$ (44)	$ 32
Pizza Hut Division[a]	(16)	(48)	56
Taco Bell Division	(486)	(71)	(65)
Worldwide	$ (1,083)	$ (163)	$ 23

(a) In 2010, we refranchised our then-remaining Company-operated restaurants in Mexico. To the extent we owned it, we did not sell the real estate related to certain of these restaurants, instead leasing it to the franchisee. During 2015, we sold the real estate for approximately $58 million. While these proceeds exceeded the book value of the real estate, the sale represented a substantial liquidation of our Mexican foreign entities under GAAP. As such, the accumulated translation losses associated with our Mexican business were included in our loss on the sale. We recorded charges of $80 million representing the excess of the sum of the book value of the real estate and other related assets and our accumulated translation losses over the sales price. Consistent with the classification of the original Mexico market-wide refranchising transaction, these charges were classified as Refranchising (gain) loss. Refranchising losses of $40 million were associated with both the KFC and Pizza Hut Divisions. We continue to earn U.S. dollar-denominated franchise fees, most of which are sales-based royalties, under our existing franchise contracts with our Mexico franchisee.

As a result of classifying restaurant and related assets as held-for-sale and ceasing depreciation expense as well as recording any related write-downs to fair value, depreciation expense was reduced versus what would have otherwise been recorded by $10 million during the year ended December 31, 2017. Our CODM does not consider the impact of these depreciation reductions, which were recorded within Occupancy and other operating expenses when assessing segment performance. These depreciation reductions were not allocated to the Division segments resulting in depreciation expense continuing to be recorded within our Divisional results at the rate at which it was prior to the held-for-sale classification.

YUM's Strategic Transformation Initiatives

In October 2016, we announced our strategic transformation plans to drive global expansion of the KFC, Pizza Hut and Taco Bell brands ("YUM's Strategic Transformation Initiatives") following the then anticipated separation of our China business on October 31, 2016. Major features of the Company's strategic transformation plans involve being more focused on the development of our three brands, increasing our franchise ownership and creating a leaner, more efficient cost structure. We incurred pre-tax costs of $23 million and $67 million related to our Strategic Transformation Initiatives in 2017 and 2016, respectively. In 2017, these costs were primarily recorded in G&A and included contract termination costs and relocation and severance costs for restaurant-support center employees. In 2016, these costs were primarily recorded in G&A and included restaurant-support center employee severance costs, charges associated with a voluntary retirement program offered to certain U.S. restaurant-support center employees, consulting costs incurred to facilitate YUM's Strategic Transformation Initiatives, and losses associated with our sale of Corporate aircraft upon our decision to no longer own aircraft. YUM's Strategic Transformation Initiatives represent the continuation of YUM's transformation of its operating model and capital structure following the Separation and recapitalization of YUM. Due to the scope of the initiatives as well as their significance, our CODM does not consider the associated cost when assessing segment performance. As such, these costs are not being allocated to any of our segment operating results for performance reporting purposes.

Modifications of Share-based Compensation Awards

In connection with the Separation, we modified certain share-based compensation awards held as part of our Executive Income Deferral ("EID") Plan in phantom shares of YUM Common Stock to provide one phantom Yum China share-based award for each outstanding phantom YUM share-based award. These Yum China awards may now be settled in cash, as opposed to stock, which requires recognition of the fair value of these awards within G&A in our Consolidated Income Statement. During 2017 and 2016, we recorded G&A charges related to these awards of $18 million and $30 million, respectively. Given these charges were a direct

result of the Separation, our CODM does not consider their impact when assessing segment performance. As such, these costs are not being allocated to any of our segment operating results for performance reporting purposes.

Pizza Hut U.S. Transformation Agreement

In May 2017, we reached an agreement with Pizza Hut U.S. franchisees that will improve brand marketing alignment, accelerate enhancements in operations and technology and includes a permanent commitment to incremental advertising and digital and technology contributions by franchisees. In connection with this agreement, we anticipate investing approximately $90 million to upgrade restaurant equipment to improve operations, fund improvements in restaurant technology and enhance digital and e-commerce capabilities. We currently expect the majority of this investment will be split between 2017 and 2018. During 2017, we recorded pre-tax charges of $31 million, primarily within Franchise and license expenses or G&A, and capitalized $8 million of costs primarily related to digital and e-commerce initiatives. Due to their unique and long-term brand-building nature, our CODM does not consider the impact of these investments when assessing segment performance. As such, these investments are not being allocated to the Pizza Hut Division segment operating results for performance reporting purposes.

In addition to the investments above, we have agreed to fund $37.5 million of incremental system advertising dollars from the second half of 2017 through 2018. During 2017, we incurred $25 million in related incremental system advertising expense. These advertising amounts were recorded primarily in Franchise and license expenses and are included in Pizza Hut's segment operating results.

KFC U.S. Acceleration Agreement

During 2015, we reached an agreement with our KFC U.S. franchisees that gave us brand marketing control as well as an accelerated path to expanded menu offerings, improved assets and enhanced customer experience. In connection with this agreement we anticipate investing a total of approximately $130 million from 2015 through 2018 primarily to fund new back-of house equipment for franchisees and to provide incentives to accelerate franchisee store remodels. We recorded pre-tax charges for the portion of these investments made in 2017, 2016 and 2015 of $17 million, $26 million and $72 million, respectively. These amounts were recorded primarily as Franchise and license expenses. These payments constitute a significant portion of the approximately $140 million asset for incentive payments made to franchisees which we will establish upon adoption of the new revenue recognition standard in 2018 (see Note 2). Due to their size and unique long-term brand building nature, our CODM does not consider the impact of these investments when assessing segment performance. As such, these charges are not being allocated to the KFC Division segment operating results for performance reporting purposes.

In addition to the investments above, we agreed to fund $60 million of incremental system advertising. During 2017, 2016 and 2015, we incurred $20 million, $20 million and $10 million in incremental system advertising expense, respectively, with the remaining funding of approximately $10 million to occur in 2018. The incremental system advertising amounts recorded were primarily in Franchise and license expenses and are included in the KFC Division segment operating results.

Items Impacting Other Pension (Income) Expense

During the fourth quarter of 2016, the Company allowed certain former employees with deferred vested balances in the YUM Retirement Plan ("the Plan") an opportunity to voluntarily elect an early payout of their pension benefits. As a result of settlement payments made of approximately $205 million related to this program, all of which were funded from existing Plan assets, we recorded a settlement charge of $24 million to Other pension (income) expense. Due to the size and non-recurring nature of the program, our CODM does not consider the impact of these charges when assessing performance so they were not allocated to any of our segment operating results for performance reporting purposes.

During the first quarter of 2017, as a result of the completion of a pension data review and reconciliation, we recorded a non-cash, out-of-year charge of $22 million to Other pension (income) expense to adjust our historical U.S. pension liability related to our deferred vested participants. Our CODM does not consider the impact of this charge when assessing segment performance given the number of years over which it accumulated. As such, this cost is not being allocated to any of our segment operating results for performance reporting purposes. See Note 15 for further discussion of our pension plans.

Store Closure and Impairment Activity

Store closure (income) costs and Store impairment charges by reportable segment are presented below.

	2017			
	KFC	Pizza Hut	Taco Bell	Worldwide
Store closure (income) costs[(a)]	$ —	$ —	$ (1)	$ (1)
Store impairment charges	2	1	1	4
Closure and impairment (income) expenses	$ 2	$ 1	$ —	$ 3

	2016			
	KFC	Pizza Hut	Taco Bell	Worldwide
Store closure (income) costs[(a)]	$ 3	$ (5)	$ —	$ (2)
Store impairment charges	8	6	3	17
Closure and impairment (income) expenses	$ 11	$ 1	$ 3	$ 15

	2015			
	KFC	Pizza Hut	Taco Bell	Worldwide
Store closure (income) costs[(a)]	$ 1	$ (1)	$ (1)	$ (1)
Store impairment charges	8	5	4	17
Closure and impairment (income) expenses	$ 9	$ 4	$ 3	$ 16

(a) Store closure (income) costs include the net gain or loss on sales of real estate on which we formerly operated a Company-owned restaurant that was closed, lease reserves established when we cease using a property under an operating lease and subsequent adjustments to those reserves and other facility-related expenses from previously closed stores. Remaining lease obligations for closed stores were not material at December 31, 2017 or December 31, 2016.

Impact of Change in Reporting Calendar

As discussed in Note 2, we have changed our fiscal year from a year ending on the last Saturday of December to a year beginning on January 1 and ending on December 31 of each year commencing with the year ending December 31, 2017. We also removed the monthly or period reporting lags certain of our international subsidiaries historically used to report results. The impacts on our Consolidated Financial Statements of retrospectively applying these changes are included below:

	2016		
	As Previously Reported	Adjustments	After Change in Reporting Calendar
Total revenues	$ 6,366	$ (10)	$ 6,356
Operating Profit	1,625	25 (a)	1,650 (b)
Income from continuing operations	994	24	1,018
Income from discontinued operations, net of tax	625	—	625
Net Income	$ 1,619	$ 24	1,643
Diluted EPS from continuing operations	$ 2.48	$ 0.06	$ 2.54
Diluted EPS from discontinued operations	1.56	—	1.56
Diluted EPS	$ 4.04	$ 0.06	$ 4.10

	2015		
	As Previously Reported	Adjustments	After Change in Reporting Calendar
Total revenues	$ 6,440	$ (22)	$ 6,418
Operating Profit	1,402	(8)	1,394 (b)
Income from continuing operations	936	(10)	926
Income from discontinued operations, net of tax	357	—	357
Net Income	$ 1,293	$ (10)	$ 1,283
Diluted EPS from continuing operations	$ 2.11	$ (0.02)	$ 2.09
Diluted EPS from discontinued operations	0.81	—	0.81
Diluted EPS	$ 2.92	$ (0.02)	$ 2.90

(a) Primarily represents gains of $24 million related to the refranchising of certain international restaurants which occurred in December 2016.

(b) Amount does not reconcile to our Consolidated Statements of Income for the year ended December 31, 2016 and December 31, 2015 due to the impact of retrospectively adopting a new accounting standard on Benefit Costs of $32 million and $40 million, respectively. See Note 2.

In 2016, the impact on our Consolidated Statement of Cash Flows was a decrease in cash provided by operating activities of $39 million, a decrease in cash used in investing activities of $20 million and a decrease in cash used in financing activities of $16 million.

In 2015, the impact on our Consolidated Statement of Cash Flows was an increase in cash used in investing activities of $10 million and a decrease in cash used in financing activities of $16 million. There was no impact to cash provided by operating activities.

Our Shareholders' Equity, as of December 31, 2014, increased $9 million as a result of the change in reporting calendar.

Note 6 – Supplemental Cash Flow Data

	2017	2016	2015
Cash Paid For:			
Interest	$ 442	$ 297	$ 141
Income taxes	346	314	392
Significant Non-Cash Investing and Financing Activities:			
Capital lease obligations incurred	$ 8	$ 10	$ 26
Capital lease and other debt obligations transferred through refranchising	(35)	(1)	—
Reconciliation of Cash and cash equivalents to Consolidated Statements of Cash Flows:			
Cash and cash equivalents as presented in Consolidated Balance Sheets	$ 1,522	$ 725	$ 345
Restricted cash included in Prepaid expenses and other current assets[a]	60	55	—
Restricted cash included in Other assets[b]	17	51	20
Cash, Cash Equivalents and Restricted Cash as presented in Consolidated Statements of Cash Flows	$ 1,599	$ 831	$ 365

(a) Restricted cash within Prepaid expenses and other current assets reflects the Taco Bell Securitization interest reserves. See Note 11.

(b) Primarily trust accounts related to our self-insurance program. 2016 also includes cash balances required, to the extent necessary, to meet statutory minimum net worth requirements for legal entities which enter into U.S. franchise agreements.

Note 7 – Franchise and License Fees and Income

	2017	2016	2015
Initial fees, including renewal fees	$ 96	$ 72	$ 71
Continuing fees and rental income	2,210	2,095	2,011
Franchise and license fees and income	$ 2,306	$ 2,167	$ 2,082

Note 8 – Other (Income) Expense

	2017	2016	2015
Foreign exchange net (gain) loss and other	$ 5	$ (6)	$ 20
Loss associated with corporate aircraft[a]	2	9	—
Other (income) expense	$ 7	$ 3	$ 20

(a) During 2016, we made the decision to no longer operate a corporate aircraft fleet and offered our owned aircraft for sale, one of which was sold during 2016 and one that was sold in 2017. The losses associated with these sales reflect the shortfall of the proceeds, including estimated proceeds in held-for-sale impairment evaluations, less any selling costs, over the carrying value of the aircraft.

Note 9 – Supplemental Balance Sheet Information

Prepaid Expenses and Other Current Assets	2017	2016
Income tax receivable	$ 175	$ 44
Assets held for sale[(a)]	37	57
Other prepaid expenses and current assets	159	135
Prepaid expenses and other current assets	$ 371	$ 236

(a) Reflects the carrying value of restaurants we have offered for sale to franchisees and excess properties that we do not intend to use for restaurant operations in the future. 2016 amounts also include a corporate aircraft sold in 2017.

Property, Plant and Equipment	2017	2016
Land	$ 452	$ 438
Buildings and improvements	1,661	2,149
Capital leases, primarily buildings	123	141
Machinery and equipment	941	1,380
Property, plant and equipment, gross	3,177	4,108
Accumulated depreciation and amortization	(1,480)	(1,995)
Property, plant and equipment, net	$ 1,697	$ 2,113

Depreciation and amortization expense related to PP&E was $238 million, $295 million and $302 million in 2017, 2016 and 2015, respectively.

Accounts Payable and Other Current Liabilities	2017	2016
Accounts payable	$ 119	$ 142
Accrued capital expenditures	21	39
Accrued compensation and benefits	252	372
Dividends payable	—	106
Accrued taxes, other than income taxes	90	66
Other current liabilities	331	342
Accounts payable and other current liabilities	$ 813	$ 1,067

Note 10 – Goodwill and Intangible Assets

The changes in the carrying amount of goodwill are as follows:

	KFC	Pizza Hut	Taco Bell	Worldwide
Balance as of December 31, 2015				
Goodwill, gross	$ 266	$ 206	$ 113	$ 585
Accumulated impairment losses	—	(17)	—	(17)
Goodwill, net	266	189	113	568
Disposals and other, net[(a)]	2	(32)	(2)	(32)
Balance as of December 31, 2016				
Goodwill, gross	268	174	111	553
Accumulated impairment losses	—	(17)	—	(17)
Goodwill, net	268	157	111	536
Disposals and other, net[(a)]	(21)	5	(8)	(24)
Balance as of December 31, 2017				
Goodwill, gross	247	179	103	529
Accumulated impairment losses	—	(17)	—	(17)
Goodwill, net	$ 247	$ 162	$ 103	$ 512

(a) Disposals and other, net includes the impact of foreign currency translation on existing balances and goodwill write-offs associated with refranchising.

Intangible assets, net for the years ended 2017 and 2016 are as follows:

	2017		2016	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangible assets				
Reacquired franchise rights	$ 60	$ (42)	$ 83	$ (49)
Franchise contract rights	100	(77)	99	(73)
Lease tenancy rights	32	(6)	56	(9)
Other	37	(25)	36	(23)
	$ 229	$ (150)	$ 274	$ (154)
Indefinite-lived intangible assets				
KFC trademark	$ 31		$ 31	

Amortization expense for all definite-lived intangible assets was $10 million in 2017, $12 million in 2016 and $13 million in 2015. Amortization expense for definite-lived intangible assets is expected to approximate $7 million in 2018, $7 million in 2019, $6 million in 2020, $6 million in 2021 and $6 million in 2022.

Note 11 – Short-term Borrowings and Long-term Debt

	2017	2016
Short-term Borrowings		
Current maturities of long-term debt	$ 386	$ 66
Other	—	8
	$ 386	$ 74
Less current portion of debt issuance costs and discounts	(11)	(8)
Short-term borrowings	$ 375	$ 66
Long-term Debt		
Securitization Notes	$ 2,271	$ 2,294
Subsidiary Senior Unsecured Notes	2,850	2,100
Term Loan A Facility	500	500
Term Loan B Facility	1,975	1,990
YUM Senior Unsecured Notes	2,200	2,200
Capital lease obligations (See Note 12)	105	120
	9,901	9,204
Less debt issuance costs and discounts	(86)	(79)
Less current maturities of long-term debt	(386)	(66)
Long-term debt	$ 9,429	$ 9,059

Securitization Notes

On May 11, 2016 Taco Bell Funding, LLC (the “Issuer”), a newly formed, special purpose limited liability company and a direct, wholly-owned subsidiary of Taco Bell Corp. ("TBC") completed a securitization transaction and issued $800 million of its Series 2016-1 3.832% Fixed Rate Senior Secured Notes, Class A-2-I (the “Class A-2-I Notes”), $500 million of its Series 2016-1 4.377% Fixed Rate Senior Secured Notes, Class A-2-II (the “Class A-2-II Notes”) and $1.0 billion of its Series 2016-1 4.970% Fixed Rate Senior Secured Notes, Class A-2-III (the “Class A-2-III Notes” and, together with the Class A-2-I Notes and the Class A-2-II Notes, the “Class A-2 Notes”). In connection with the issuance of the Class A-2 Notes, the Issuer also entered into a revolving financing facility of Series 2016-1 Senior Notes, Class A-1 (the “Variable Funding Notes”), which allowed for the borrowing of up to $100 million and the issuance of up to $50 million in letters of credit. The Class A-2 Notes and the Variable Funding Notes are referred to collectively as the “Securitization Notes”. The Class A-2 Notes were issued under a Base Indenture, dated as of May 11, 2016 (the “Base Indenture”), and the related Series 2016-1 Supplement thereto, dated as of May 11, 2016 (the “Series 2016-1 Supplement”). The Base Indenture and the Series 2016-1 Supplement (collectively, the “Indenture”) allow the Issuer to issue additional series of notes. On October 16, 2017, the Issuer terminated the Variable Funding Notes.

The Securitization Notes were issued in a transaction pursuant to which certain of TBC’s domestic assets, consisting principally of franchise-related agreements and domestic intellectual property, were contributed to the Issuer and the Issuer’s special purpose, wholly-owned subsidiaries (the “Guarantors”, and collectively with the Issuer, the "Securitization Entities") to secure the Securitization Notes. The Securitization Notes are secured by substantially all of the assets of the Securitization Entities, and include a lien on all existing and future U.S. Taco Bell franchise and license agreements and the royalties payable thereunder, existing and future U.S. Taco Bell intellectual property, certain transaction accounts and a pledge of the equity interests in asset-owning Securitization Entities. The remaining U.S. Taco Bell assets that were excluded from the transfers to the Securitization Entities continue to be held by Taco Bell of America, LLC, a limited liability company ("TBA") and TBC. The Securitization Notes are not guaranteed by the remaining U.S. Taco Bell assets, the Company, or any other subsidiary of the Company.

Payments of interest and principal on the Securitization Notes are made from the royalty fees paid pursuant to the franchise and license agreements with all U.S. Taco Bell restaurants, including both company and franchise operated restaurants. Interest on and principal payments of the Class A-2 Notes are due on a quarterly basis. In general, no amortization of principal of the Class A-2 Notes is required prior to their anticipated repayment dates unless as of any quarterly measurement date the consolidated leverage ratio (the ratio of total debt to Net Cash Flow (as defined in the Indenture)) for the preceding four fiscal quarters of either the Company and its subsidiaries or the Issuer and its subsidiaries exceeds 5.0:1, in which case amortization payments of 1% per year of the outstanding principal as of the closing of the Securitization Notes is required. As of the most recent quarterly measurement date the consolidated leverage ratio exceeded 5.0:1 and, as a result, amortization payments are required. The legal final maturity date of the Notes is in May 2046, but the anticipated repayment dates of the Class A-2-I Notes, the Class A-2-II Notes and the Class A-2-III Notes will be 4, 7 and 10 years, respectively (the "Anticipated Repayment Dates") from the date of issuance. If the Issuer has not repaid or refinanced a series of Class A-2 Notes prior to its respective Anticipated Repayment Dates, rapid amortization of principal on all Securitization Notes will occur and additional interest will accrue on the Class A-2 Notes, as stated in the Indenture.

The Company paid debt issuance costs of $31 million in connection with the 2016 issuance of the Securitization Notes. The debt issuance costs are being amortized to Interest expense, net through the Anticipated Repayment Dates of the Securitization Notes utilizing the effective interest rate method. As of December 31, 2017, the effective interest rates, including the amortization of debt issuance costs, were 4.18%, 4.59%, and 5.14% for the Class A-2-I Notes, Class A-2-II Notes and Class A-2-III Notes, respectively. During 2017, $2 million of unamortized debt issuance costs were recognized within Interest expense, net due to the termination of the Variable Funding Notes.

The Securitization Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Issuer maintains specified reserve accounts to be available to make required interest payments in respect of the Securitization Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the Class A-2 Notes under certain circumstances, (iii) certain indemnification payments relating to taxes, enforcement costs and other customary items and (iv) covenants relating to recordkeeping, access to information and similar matters. The Securitization Notes are also subject to rapid amortization events provided for in the Indenture, including events tied to failure to maintain a stated debt service coverage ratio (as defined in the Indenture) of at least 1.1:1, gross domestic sales for branded restaurants being below certain levels on certain measurement dates, a manager termination event, an event of default and the failure to repay or refinance the Class A-2 Notes on the Anticipated Repayment Date (subject to limited cure rights). The Securitization Notes are also subject to certain customary events of default, including events relating to non-payment of required interest or principal due on the Securitization Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, certain judgments and failure of the Securitization Entities to maintain a stated debt service coverage ratio. As of December 31, 2017, we were in compliance with all of our debt covenant requirements and were not subject to any rapid amortization events.

In accordance with the Indenture, certain cash accounts have been established with the Indenture trustee for the benefit of the note holders, and are restricted in their use. The Indenture requires a certain amount of securitization cash flow collections to be allocated on a weekly basis and maintained in a cash reserve account. As of December 31, 2017, the Company had restricted cash of $60 million primarily related to required interest reserves included in Prepaid expenses and other current assets on the Consolidated Balance Sheets. Once the required obligations are satisfied, there are no further restrictions, including payment of dividends, on the cash flows of the Securitization Entities.

Additional cash reserves are required if any of the rapid amortization events occur, as noted above, or in the event that as of any quarterly measurement date the Securitization Entities fail to maintain a debt service coverage ratio (or the ratio of Net Cash Flow to all debt service payments for the preceding four fiscal quarters) of at least 1.75:1. The amount of weekly securitization cash flow collections that exceed the required weekly allocations is generally remitted to the Company. During the quarter ended December 31, 2017, the Securitization Entities maintained a debt service coverage ratio significantly in excess of the 1.75:1 requirement.

Credit Facilities and Subsidiary Senior Unsecured Notes

On June 16, 2016, KFC Holding Co., Pizza Hut Holdings, LLC, a limited liability company, and TBA, each of which is a wholly-owned subsidiary of the Company, as co-borrowers (the "Borrowers"), entered into a credit agreement providing for senior secured credit facilities consisting of a $500 million Term Loan A facility (the "Term Loan A Facility"), a $2.0 billion Term Loan B facility (the "Term Loan B Facility") and a $1.0 billion revolving facility (the "Revolving Facility"), each of which may be increased subject to certain conditions. The Term Loan A Facility, the Term Loan B Facility, and the Revolving Facility are collectively referred to as the "Credit Agreement". There are no outstanding borrowings under the Revolving Facility and $4 million of letters of credit outstanding as of December 31, 2017.

The Term Loan A Facility was originally subject to quarterly amortization payments beginning one full fiscal quarter after the first anniversary of the closing date, in an amount equal to 1.25% of the initial principal amount of the facility, in each of the second and third years of the facility; in an amount equal to 1.875% of the initial principal amount of the facility, in the fourth year of the facility; and in an amount equal to 3.75% of the initial principal amount of the facility, in the fifth year of the facility, with the balance payable at maturity on the fifth anniversary of the closing date. (Subsequently, this amortization schedule was delayed by approximately one year and the maturity date was extended to June 7, 2022 as a result of the Term Loan A repricing in 2017. See

below.) The Term Loan B Facility is subject to quarterly amortization payments in an amount equal to 0.25% of the initial principal amount of the facility, with the balance payable at maturity on the seventh anniversary of the closing date.

On March 21, 2017, the Borrowers completed the repricing of the then existing $1.99 billion under the Term Loan B Facility pursuant to an amendment to the Credit Agreement. The amendment reduces the interest rate applicable to the Term Loan B Facility by 75 basis points to LIBOR plus2.00% or Base Rate plus1.00%, at the Borrower's election, with an additional rate stepdown to LIBOR plus 1.75% or Base Rate plus 0.75% in the event the secured net leverage ratio (as defined in the Credit Agreement) is less than 1 to 1. As a result of repricing the Term Loan B Facility, $192 million in principal was assigned to new lenders or existing lenders electing to increase their holdings in the loan. The maturity date and all other material provisions under the Credit Agreement remained unchanged as a result of this amendment.

On June 7, 2017, the Borrowers completed the repricing of the existing $500 million under the Term Loan A Facility and $1 billion under the Revolving Facility pursuant to an amendment to the Credit Agreement. The amendment reduced the interest rate applicable to the Term Loan A Facility and for borrowings under the Revolving Facility by 75 basis points. Subsequent to the repricing the interest rate ranges from 1.25% to 1.75% plus LIBOR or from 0.25% to 0.75% plus the Base Rate, at the Borrower's election, based upon the total net leverage ratio of the Borrowers and the Specified Guarantors (as defined in the Credit Agreement). As a result of repricing the Term Loan A Facility, $146 million in principal was assigned to new lenders or existing lenders electing to increase their holdings in the loan. There was no change in lender participation in the Revolving Facility. The maturity date for the Term Loan A Facility and the Revolving Facility has been extended to June 7, 2022. Amortization payments on the Term Loan A Facility will begin one full fiscal quarter after the first anniversary of the amendment effective date, which delays the original amortization schedule by approximately one year. All other material provisions under the Credit Agreement remained unchanged.

The Credit Agreement is unconditionally guaranteed by the Company and certain of the Borrowers' principal domestic subsidiaries and excludes Taco Bell Funding LLC and its special purpose, wholly-owned subsidiaries (see above). The Credit Agreement is also secured by first priority liens on substantially all assets of the Borrowers and each subsidiary guarantor, excluding the stock of certain subsidiaries and certain real property, and subject to other customary exceptions.

The Credit Agreement is subject to certain mandatory prepayments, including an amount equal to 50% of excess cash flow (as defined in the Credit Agreement) on an annual basis and the proceeds of certain asset sales, casualty events and issuances of indebtedness, subject to customary exceptions and reinvestment rights.

The Credit Agreement includes two financial maintenance covenants which require the Borrowers to maintain a total leverage ratio (defined as the ratio of Consolidated Total Debt to Consolidated EBITDA (as these terms are defined in the Credit Agreement)) of 5.0:1 or less and a fixed charge coverage ratio (defined as the ratio of EBITDA minus capital expenditures to fixed charges (inclusive of rental expense and scheduled amortization)) of at least 1.5:1, each as of the last day of each fiscal quarter. The Credit Agreement includes other affirmative and negative covenants and events of default that are customary for facilities of this type. The Credit Agreement contains, among other things, limitations on certain additional indebtedness and liens, and certain other transactions specified in the agreement. We were in compliance with all debt covenants as of December 31, 2017.

On June 16, 2016, the Borrowers issued $1.05 billion aggregate principal amount of 5.00% Senior Unsecured Notes due 2024 and $1.05 billion aggregate principal amount of 5.25% Senior Unsecured Notes due 2026 (together, the "Subsidiary Senior Unsecured Notes"). Interest on each series of Subsidiary Senior Unsecured Notes is payable semi-annually in arrears on June 1 and December 1, beginning on December 1, 2016. Additionally, on June 15, 2017, the Borrowers issued$750 million aggregate principal amount of 4.75% Senior Notes due June 1, 2027 (the "2027 Notes"). Interest on the 2027 Notes is payable semi-annually in arrears on June 1 and December 1, beginning on December 1, 2017. The Subsidiary Senior Unsecured Notes are guaranteed on a senior unsecured basis by (i) the Company, (ii) the Specified Guarantors and (iii) by each of the Borrower's and the Specified Guarantors' domestic subsidiaries that guarantees the Borrower's obligations under the Credit Agreement, except for any of the Company's foreign subsidiaries. The indenture governing the Subsidiary Senior Unsecured Notes contains covenants and events of default that are customary for debt securities of this type. We were in compliance with all debt covenants as of December 31, 2017.

During 2016, the Company paid debt issuance costs of $56 million in connection with the issuance of the Credit Agreement and the Subsidiary Senior Unsecured Notes. During 2017, $32 million of fees related to the repricing of the Term Loan A, Term Loan B and Revolving Facilities and the issuance of the 2027 Notes were capitalized as debt issuance costs. The debt issuance costs are being amortized to Interest expense, net through the contractual maturity of the agreements utilizing the effective interest rate method. We classify these deferred costs on our Consolidated Balance Sheet as a reduction in the related debt when borrowings are outstanding or within Other assets if borrowings are not outstanding. Additionally, $8 million of fees and unamortized debt issuance costs were recognized within Interest expense, net due to the repricings in the year ended December 31, 2017. As of December 31, 2017, the effective interest rates, including the amortization of debt issuance costs and the impact of the interest rate swaps on Term Loan B Facility (See Note 13), were 5.16%, 5.39%, 4.90%, 3.24%, and 3.82% for the Subsidiary Senior Unsecured Notes due 2024, the Subsidiary Senior Unsecured Notes due 2026, the Subsidiary Senior Unsecured Notes due 2027, the Term Loan A Facility, and the Term Loan B Facility, respectively.

YUM Senior Unsecured Notes

The majority of our remaining long-term debt primarily comprises YUM Senior Unsecured Notes with varying maturity dates from 2019 through 2043 and stated interest rates ranging from 3.75% to 6.88%. The YUM Senior Unsecured Notes represent senior, unsecured obligations and rank equally in right of payment with all of our existing and future unsecured unsubordinated indebtedness. Our YUM Senior Unsecured Notes contain cross-default provisions whereby the acceleration of the maturity of any of our indebtedness in a principal amount in excess of $50 million will constitute a default under the YUM Senior Unsecured Notes unless such indebtedness is discharged, or the acceleration of the maturity of that indebtedness is annulled, within 30 days after notice.

The following table summarizes all YUM Senior Unsecured Notes issued that remain outstanding at December 31, 2017:

			Interest Rate	
Issuance Date[a]	Maturity Date	Principal Amount (in millions)	Stated	Effective[b]
October 2007	March 2018	$ 325	6.25%	6.36%
October 2007	November 2037	325	6.88%	7.45%
August 2009	September 2019	250	5.30%	5.59%
August 2010	November 2020	350	3.88%	4.01%
August 2011	November 2021	350	3.75%	3.88%
October 2013	November 2023	325	3.88%	4.01%
October 2013	November 2043	275	5.35%	5.42%

(a) Interest payments commenced approximately six months after issuance date and are payable semi-annually thereafter.

(b) Includes the effects of the amortization of any (1) premium or discount; (2) debt issuance costs; and (3) gain or loss upon settlement of related treasury locks and forward starting interest rate swaps utilized to hedge the interest rate risk prior to debt issuance.

The annual maturities of short-term borrowings and long-term debt as of December 31, 2017, excluding capital lease obligations of $105 million are as follows:

Year ended:	
2018	$ 380
2019	318
2020	1,190
2021	441
2022	410
Thereafter	7,057
Total	$ 9,796

Interest expense on short-term borrowings and long-term debt was $473 million, $331 million and $153 million in 2017, 2016 and 2015, respectively.

Note 12 – Leases

At December 31, 2017, we operated 1,481 restaurants, leasing the underlying land and/or building in approximately 900 of those restaurants with the vast majority of our commitments expiring within 20 years from the inception of the lease. In addition, the Company leases or subleases approximately 900 units to franchisees, principally in the U.S., United Kingdom, Germany, Australia and France.

We also lease office space for headquarters and support functions, as well as certain office and restaurant equipment. We do not consider any of these individual leases material to our operations. Most leases require us to pay related executory costs, which include property taxes, maintenance and insurance.

Future minimum commitments and amounts to be received as lessor or sublessor under non cancelable leases are set forth below:

	Commitments		Lease Receivables	
	Capital	Operating	Direct Financing	Operating
2018	$ 13	$ 124	$ 5	$ 64
2019	13	111	4	58
2020	12	87	4	51
2021	11	75	3	47
2022	11	67	3	44
Thereafter	76	435	24	415
	$ 136	$ 899	$ 43	$ 679

At December 31, 2017 and December 31, 2016, the present value of minimum payments under capital leases was $105 million and $120 million, respectively. At December 31, 2017, unearned income associated with direct financing lease receivables was $12 million.

The details of rental expense and income are set forth below:

	2017	2016	2015
Rental expense			
Minimum	$ 193	$ 208	$ 225
Contingent	21	26	29
	$ 214	$ 234	$ 254
Rental income	$ 86	$ 73	$ 73

Note 13 - Derivative Instruments

We use derivative instruments to manage certain of our market risks related to fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Swaps

We have entered into interest rate swaps with the objective of reducing our exposure to interest rate risk for our variable-rate debt interest payments related to $1.55 billion of our Term Loan B Facility, resulting in a fixed rate of 3.92% on the swapped portion of the Term Loan B Facility. These interest rate swaps will expire in July 2021 and the notional amount, maturity date and variable rate of these swaps match those of the related debt. These interest rate swaps are designated cash flow hedges as the changes in the future cash flows of the swaps are expected to offset changes in interest payments on the related variable-rate debt. There were no other interest rate swaps outstanding as of December 31, 2017.

The effective portion of gains or losses on the interest rate swaps is reported as a component of AOCI and reclassified into Interest expense, net in our Consolidated Statement of Income in the same period or periods during which the related hedged interest payments affect earnings. Gains or losses on the swaps representing hedge ineffectiveness are recognized in current earnings. As of December 31, 2017, the swaps were highly effective cash flow hedges and no ineffectiveness has been recorded.

Foreign Currency Contracts

We have entered into foreign currency forward and swap contracts with the objective of reducing our exposure to earnings volatility arising from foreign currency fluctuations associated with certain foreign currency denominated intercompany receivables and payables. The notional amount, maturity date, and currency of these contracts match those of the underlying intercompany receivables or payables. Our foreign currency contracts are designated cash flow hedges as the future cash flows of the contracts are expected to offset changes in intercompany receivables and payables due to foreign currency exchange rate fluctuations.

The effective portion of gains or losses on the foreign currency contracts is reported as a component of AOCI. Amounts are reclassified from AOCI each quarter to offset foreign currency transaction gains or losses recorded within Other (income) expense when the related intercompany receivables and payables affect earnings due to their functional currency remeasurements. Gains or losses on the foreign currency contracts representing hedge ineffectiveness are recognized in current earnings. As of December 31, 2017, all foreign currency contracts outstanding have been highly effective cash flow hedges and no ineffectiveness has been recorded.

As of December 31, 2017 and December 31, 2016, foreign currency forward and swap contracts outstanding had total notional amounts of $456 million and $437 million, respectively. As of December 31, 2017, we have foreign currency forward and swap contracts with durations expiring as early as February 2018 and as late as 2020.

As a result of the use of derivative instruments, the Company is exposed to risk that the counterparties will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into contracts with carefully selected major financial institutions based upon their credit ratings and other factors, and continually assess the creditworthiness of counterparties. At December 31, 2017, all of the counterparties to our interest rate swaps and foreign currency contracts had investment grade ratings according to the three major ratings agencies. To date, all counterparties have performed in accordance with their contractual obligations.

Gains and losses on derivative instruments designated as cash flow hedges recognized in AOCI and reclassifications from AOCI into Net Income:

	Gains/(Losses) Recognized in AOCI		(Gains)/Losses Reclassified from AOCI into Net Income	
	2017	2016	2017	2016
Interest rate swaps	$ 4	$ 47	$ 2	$ (4)
Foreign currency contracts	(56)	10	56	(18)
Income tax benefit/(expense)	1	(20)	(3)	4

As of December 31, 2017, the estimated net gain included in AOCI related to our cash flow hedges that will be reclassified into earnings in the next 12 months is $14 million, based on current LIBOR interest rates.

See Note 14 for the fair value of our derivative assets and liabilities.

Note 14 – Fair Value Disclosures

As of December 31, 2017 the carrying values of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, and accounts payable approximated their fair values because of the short-term nature of these instruments. The fair value of notes receivable net of allowances and lease guarantees less subsequent amortization approximates their carrying value. The following table presents the carrying value and estimated fair value of the Company's debt obligations:

	12/31/2017		12/31/2016	
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
Debt obligations				
Securitization Notes[a]	$ 2,271	$ 2,367	$ 2,294	$ 2,315
Subsidiary Senior Unsecured Notes[b]	2,850	2,983	2,100	2,175
Term Loan A Facility[b]	500	503	500	501
Term Loan B Facility[b]	1,975	1,990	1,990	2,016
YUM Senior Unsecured Notes[b]	2,200	2,277	2,200	2,216

(a) We estimated the fair value of the Securitization Notes by obtaining broker quotes from two separate brokerage firms that are knowledgeable about the Company's Securitization Notes and, at times, trade these notes. The markets in which the Securitization Notes trade are not considered active markets.

(b) We estimated the fair value of the YUM and Subsidiary Senior Unsecured Notes, Term Loan A Facility, and Term Loan B Facility using market quotes and calculations based on market rates.

Recurring Fair Value Measurements

The Company has interest rate swaps, foreign currency forwards and swaps accounted for as cash flow hedges and other investments, all of which are required to be measured at fair value on a recurring basis (See Note 13 for discussion regarding derivative instruments). The following table presents fair values for those assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall. No transfers among the levels within the fair value hierarchy occurred during the years ended December 31, 2017 or December 31, 2016.

		Fair Value		
	Level	2017	2016	Consolidated Balance Sheet
Interest Rate Swaps - Liability	2	$ —	$ 3	Accounts payable and other current liabilities
Interest Rate Swaps - Asset	2	9	—	Prepaid expenses and other current assets
Interest Rate Swaps - Asset	2	40	47	Other assets
Foreign Currency Contracts - Liability	2	46	—	Other Liabilities and deferred credits
Foreign Currency Contracts - Asset	2	5	6	Prepaid expenses and other current assets
Foreign Currency Contracts - Asset	2	—	10	Other assets
Other Investments	1	29	24	Other assets

The fair value of the Company's foreign currency forwards and swaps and interest rate swaps were determined based on the present value of expected future cash flows considering the risks involved, including nonperformance risk, and using discount rates appropriate for the duration based upon observable inputs. The other investments include investments in mutual funds, which are used to offset fluctuations in deferred compensation liabilities that employees have chosen to invest in phantom shares of a Stock Index Fund or Bond Index Fund. The other investments are classified as trading securities in Other assets in our Consolidated Balance Sheet and their fair value is determined based on the closing market prices of the respective mutual funds as of December 31, 2017 and December 31, 2016.

Non-Recurring Fair Value Measurements

The following table presents expense recognized from all non-recurring fair value measurements during the years ended December 31, 2017 and December 31, 2016. These amounts exclude fair value measurements made for assets that were subsequently dispo sed of prior to those respective year end dates. The remaining net book value of restaurant assets measured at fair value during the years ended December 31, 2017 and December 31, 2016 is insignificant.

	2017	2016
Aircraft impairment[(a)]	$ —	$ 3
Restaurant-level impairment[(b)]	2	9
Total	$ 2	$ 12

(a) During 2016, we made the decision to dispose of a corporate aircraft. The loss associated with this then planned sale reflected the shortfall of the expected proceeds, less any selling costs, over the carrying value of the aircraft. The expected proceeds were based on actual bids received from potential buyers for similar assets (Level 2).

(b) Restaurant-level impairment charges are recorded in Closures and impairment (income) expenses and resulted primarily from our semi-annual impairment evaluation of long-lived assets of individual restaurants that were being operated at the time of impairment and had not been offered for refranchising. The fair value measurements used in these impairment evaluations were based on discounted cash flow estimates using unobservable inputs (Level 3).

Note 15 – Pension, Retiree Medical and Retiree Savings Plans

U.S. Pension Plans

We sponsor qualified and supplemental (non-qualified) noncontributory defined benefit plans covering certain full-time salaried and hourly U.S. employees. The qualified plan meets the requirements of certain sections of the Internal Revenue Code and provides benefits to a broad group of employees with restrictions on discriminating in favor of highly compensated employees with regard to coverage, benefits and contributions. The supplemental plans provide additional benefits to certain employees. We fund our supplemental plans as benefits are paid.

The most significant of our U.S. plans is the YUM Retirement Plan (the "Plan"), which is a qualified plan. Our funding policy with respect to the Plan is to contribute amounts necessary to satisfy minimum pension funding requirements, including requirements of the Pension Protection Act of 2006, plus additional amounts from time-to-time as are determined to be necessary to improve the Plan's funded status. We do not expect to make any significant contributions to the Plan in 2018. Our two significant U.S. plans were previously amended such that any salaried employee hired or rehired by YUM after September 30, 2001 is not eligible to participate in those plans.

During the fourth quarter of 2016, the Company allowed certain former employees with deferred vested balances in the Plan an opportunity to voluntarily elect an early payout of their benefits. See Note 5 for details.

We do not anticipate any plan assets being returned to the Company during 2018 for any U.S. plans.

Obligation and Funded Status at Measurement Date:

The following chart summarizes the balance sheet impact, as well as benefit obligations, assets, and funded status associated with our two significant U.S. pension plans. The actuarial valuations for all plans reflect measurement dates coinciding with our fiscal year end.

	2017	2016
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 993	$ 1,134
Service cost	10	17
Interest cost	41	54
Plan amendments	2	4
Curtailments	(2)	(4)
Special termination benefits	2	3
Benefits paid	(76)	(26)
Settlement payments[a]	(73)	(260)
Actuarial (gain) loss	115	77
Administrative expense	(5)	(6)
Benefit obligation at end of year	$ 1,007	$ 993
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 837	$ 1,004
Actual return on plan assets	129	87
Employer contributions	52	38
Settlement payments[a]	(73)	(260)
Benefits paid	(76)	(26)
Administrative expenses	(5)	(6)
Fair value of plan assets at end of year	$ 864	$ 837
Funded status at end of year	$ (143)	$ (156)

(a) For discussion of the settlement payments made in connection with the deferred vested program in 2016, see Note 5.

Amounts recognized in the Consolidated Balance Sheet:

	2017	2016
Accrued benefit liability - current	$ (8)	$ (16)
Accrued benefit liability - non-current	(135)	(140)
	$ (143)	$ (156)

The accumulated benefit obligation was $976 million and $960 million at December 31, 2017 and December 31, 2016, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	2017	2016
Projected benefit obligation	$ 1,007	$ 993
Accumulated benefit obligation	976	960
Fair value of plan assets	864	837

Information for pension plans with a projected benefit obligation in excess of plan assets:

	2017	2016
Projected benefit obligation	$ 1,007	$ 993
Accumulated benefit obligation	976	960
Fair value of plan assets	864	837

Components of net periodic benefit cost:

	2017	2016	2015
Service cost	$ 10	$ 17	$ 18
Interest cost	41	54	55
Amortization of prior service cost[(a)]	6	6	1
Expected return on plan assets	(45)	(65)	(62)
Amortization of net loss	5	6	45
Net periodic benefit cost	$ 17	$ 18	$ 57
Additional (gain) loss recognized due to:			
Settlement charges[(b)]	$ 19	$ 32	$ 5
Special termination benefits	$ 2	$ 3	$ 1
Pension data adjustment[(c)]	$ 22	$ —	$ —

(a) Prior service costs are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

(b) Settlement losses result when benefit payments exceed the sum of the service cost and interest cost within a plan during the year. These losses were recorded in Other pension (income) expense.

(c) Reflects a non-cash, out-of-year charge related to the adjustment of certain historical deferred vested liability balances in the Plan during the first quarter of 2017 recorded in Other pension (income) expense. See Note 5.

Pension gains (losses) in AOCI:

	2017	2016
Beginning of year	$ (180)	$ (170)
Net actuarial gain (loss)	(10)	(54)
Curtailments	2	4
Amortization of net loss	5	6
Amortization of prior service cost	6	6
Prior service cost	(2)	(4)
Settlement charges	19	32
End of year	$ (160)	$ (180)

Accumulated pre-tax losses recognized within AOCI:

	2017	2016
Actuarial net loss	$ (134)	$ (150)
Prior service cost	(26)	(30)
	$ (160)	$ (180)

The estimated net loss that will be amortized from AOCI into net periodic pension cost in 2018 is $16 million. The estimated prior service cost that will be amortized from AOCI into net periodic pension cost in 2018 is $6 million.

Weighted-average assumptions used to determine benefit obligations at the measurement dates:

	2017	2016
Discount rate	3.90%	4.60%
Rate of compensation increase	3.75%	3.75%

Weighted-average assumptions used to determine the net periodic benefit cost for fiscal years:

	2017[(a)]	2016	2015
Discount rate	4.53%	4.90%	4.30%
Long-term rate of return on plan assets	6.06%	6.75%	6.75%
Rate of compensation increase	3.75%	3.75%	3.75%

(a) Reflects a weighted average due to interim remeasurements in 2017.

Our estimated long-term rate of return on plan assets represents the weighted-average of expected future returns on the asset categories included in our target investment allocation based primarily on the historical returns for each asset category and future growth expectations.

Plan Assets

The fair values of our pension plan assets at December 31, 2017 and December 31, 2016 by asset category and level within the fair value hierarchy are as follows:

	2017	2016
Level 1:		
Cash	$ 3	$ 2
Cash Equivalents[(a)]	12	12
Fixed Income Securities - U.S. Corporate[(b)]	177	172
Equity Securities – U.S. Large cap[(b)]	257	244
Equity Securities – U.S. Mid cap[(b)]	43	41
Equity Securities – U.S. Small cap[(b)]	43	43
Equity Securities – Non-U.S.[(b)]	87	83
Level 2:		
Fixed Income Securities – U.S. Corporate[(c)]	86	76
Fixed Income Securities – U.S. Government and Government Agencies[(d)]	177	152
Fixed Income Securities – Other[(d)]	35	31
Total fair value of plan assets[(e)]	$ 920	$ 856

(a) Short-term investments in money market funds.

(b) Securities held in common trusts.

(c) Investments held directly by the Plan.

(d) Includes securities held in common trusts and investments held directly by the Plan.

(e) 2017 and 2016 exclude net unsettled trade payables of $56 million and $19 million, respectively.

Our primary objectives regarding the investment strategy for the Plan's assets are to reduce interest rate and market risk and to provide adequate liquidity to meet immediate and future payment requirements. To achieve these objectives, we are using a combination of active and passive investment strategies. The Plan's equity securities, currently targeted to be 50% of our investment mix, consist primarily of low-cost index funds focused on achieving long-term capital appreciation. The Plan diversifies its equity risk by investing in several different U.S. and foreign market index funds. Investing in these index funds provides the Plan with the adequate liquidity required to fund benefit payments and plan expenses. The fixed income asset allocation, currently targeted to be 50% of our mix, is actively managed and consists of long-duration fixed income securities that help to reduce exposure to interest rate variation and to better correlate asset maturities with obligations. The fair values of all pension plan assets are determined based on closing market prices or net asset values.

A mutual fund held as an investment by the Plan includes shares of Common Stock valued at $0.3 million at both December 31, 2017 and December 31, 2016 (less than 1% of total plan assets in each instance).

Benefit Payments

The benefits expected to be paid in each of the next five years and in the aggregate for the five years thereafter are set forth below:

Year ended:		
2018	$	65
2019		37
2020		39
2021		42
2022		44
2023 - 2027		257

Expected benefit payments are estimated based on the same assumptions used to measure our benefit obligation on the measurement date and include benefits attributable to estimated future employee service.

International Pension Plans

We also sponsor various defined benefit plans covering certain of our non-U.S. employees, the most significant of which are in the UK. Both of our UK plans have previously been frozen such that they are closed to new participants and existing participants can no longer earn future service credits.

At the end of 2017 and 2016, the projected benefit obligations of these UK plans totaled $287 million and $261 million, respectively and plan assets totaled $358 million and $305 million, respectively. These plans were both in a net overfunded position at the end of 2017 and 2016 and related expense amounts recorded in each of 2017, 2016 and 2015 were not significant.

The funding rules for our pension plans outside of the U.S. vary from country to country and depend on many factors including discount rates, performance of plan assets, local laws and regulations. We do not plan to make significant contributions to either of our UK plans in 2018.

Retiree Medical Benefits

Our post-retirement plan provides health care benefits, principally to U.S. salaried retirees and their dependents, and includes retiree cost-sharing provisions. This plan was previously amended such that any salaried employee hired or rehired by YUM after September 30, 2001 is not eligible to participate in this plan. Employees hired prior to September 30, 2001 are eligible for benefits if they meet age and service requirements and qualify for retirement benefits. We fund our post-retirement plan as benefits are paid.

At the end of both 2017 and 2016, the accumulated post-retirement benefit obligation was $55 million. Actuarial gains of $8 million and $10 million were recognized in AOCI at the end of 2017 and 2016, respectively. The net periodic benefit cost recorded was $2 million in 2017 and $3 million in both 2016 and 2015, the majority of which is interest cost on the accumulated post-retirement benefit obligation. The weighted-average assumptions used to determine benefit obligations and net periodic benefit cost for the post-retirement medical plan are identical to those as shown for the U.S. pension plans. Our assumed heath care cost trend rates for the following year as of 2017 and 2016 are 6.3% and 6.6%, respectively, with expected ultimate trend rates of 4.5% reached in 2038.

There is a cap on our medical liability for certain retirees. The cap for Medicare-eligible retirees was reached in 2000 and the cap for non-Medicare eligible retirees was reached in 2014; with the cap, our annual cost per retiree will not increase. A one-percentage-point increase or decrease in assumed health care cost trend rates would have no impact on total service and interest cost or on the post-retirement benefit obligation. The benefits expected to be paid in each of the next five years are approximately $5 million and in aggregate for the five years thereafter are $17 million.

Retiree Savings Plan

We sponsor a contributory plan to provide retirement benefits under the provisions of Section 401(k) of the Internal Revenue Code (the "401(k) Plan") for eligible U.S. salaried and hourly employees. Participants are able to elect to contribute up to 75% of eligible compensation on a pre-tax basis. Participants may allocate their contributions to one or any combination of multiple investment options or a self-managed account within the 401(k) Plan. We match 100% of the participant's contribution to the 401(k) Plan up to 6% of eligible compensation. We recognized as compensation expense our total matching contribution of $13 million in 2017, $14 million in 2016 and $13 million in 2015.

Note 16 – Share-based and Deferred Compensation Plans

Overview

At year end 2017, we had one stock award plan in effect: the YUM! Brands, Inc. Long-Term Incentive Plan (the "LTIP"). Under the LTIP, the exercise price of stock options and SARs granted must be equal to or greater than the average market price or the ending market price of the Company's stock on the date of grant.

Potential awards to employees and non-employee directors under the LTIP include stock options, incentive stock options, SARs, restricted stock, restricted stock units ("RSUs"), performance restricted stock units, performance share units ("PSUs") and performance units. We have issued only stock options, SARs, RSUs and PSUs under the LTIP. While awards under the LTIP can have varying vesting provisions and exercise periods, outstanding awards under the LTIP vest in periods ranging from immediate to five years. Stock options and SARs expire ten years after grant.

At year end 2017, approximately 28 million shares were available for future share-based compensation grants under the LTIP.

Our EID Plan allows participants to defer receipt of a portion of their annual salary and all or a portion of their incentive compensation. As defined by the EID Plan, we credit the amounts deferred with earnings based on the investment options selected by the participants. These investment options are limited to cash, phantom shares of our Common Stock, phantom shares of a Stock Index Fund and phantom shares of a Bond Index Fund. Investments in cash and phantom shares of both index funds will be distributed in cash at a date as elected by the employee and therefore are classified as a liability on our Consolidated Balance Sheets. We recognize compensation expense for the appreciation or the depreciation, if any, of investments in cash and both of the index funds. Deferrals into the phantom shares of our Common Stock will be distributed in shares of our Common Stock, under the LTIP, at a date as elected by the employee and therefore are classified in Common Stock on our Consolidated Balance Sheets. We do not recognize compensation expense for the appreciation or the depreciation, if any, of investments in phantom shares of our Common Stock. Our EID plan also allows certain participants to defer incentive compensation to purchase phantom shares of our Common Stock and receive a 33% Company match on the amount deferred. Deferrals receiving a match are similar to a RSU award in that participants will generally forfeit both the match and incentive compensation amounts deferred if they voluntarily separate from employment during a vesting period that is two years from the date of deferral. We expense the intrinsic value of the match and the incentive compensation over the requisite service period which includes the vesting period.

Historically, the Company has repurchased shares on the open market in excess of the amount necessary to satisfy award exercises and expects to continue to do so in 2018.

In connection with the Separation of our China business in the prior year, under the provisions of our LTIP, employee stock options, SARs, RSUs and PSUs were adjusted to maintain the pre-spin intrinsic value of the awards. Depending on the tax laws of the country of employment, awards were modified using either the shareholder method or the employer method. Share issuances for Yum China awards held by YUM employees will be satisfied by Yum China. Share issuances for YUM awards held by Yum China employees are being satisfied by YUM. Share-based compensation as recorded in Income from continuing operations is based on the amortization of the fair value for both YUM and Yum China awards held by YUM employees.

The shareholder method was based on the premise that employees holding YUM awards prior to the Separation should receive an equal number of awards of both YUM and Yum China. For stock options and SARs, exercise prices of these post-Separation YUM and Yum China awards were established that, on a combined basis, maintained the intrinsic value on the YUM award prior to the Separation. The exercise prices provided for an initial intrinsic value in each of the post-Separation YUM and YUM China awards that was proportionate to the market value of the two companies on November 1, 2016. For RSUs and PSUs modified under the shareholder method, each YUM award was modified into one YUM award and one Yum China award.

Under the employer method, employees holding YUM awards prior to the Separation had their awards converted into awards of the company that they worked for subsequent to the Separation. For stock options and SARs modified under the employer method, the exercise prices of the awards were modified to maintain the pre-Separation intrinsic value of the awards in relation to the post-Separation stock price of the applicable company. For RSUs and PSUs modified under the employer method, the number of awards was modified to maintain the pre-Separation intrinsic value of the awards in relation to the post-Separation stock price of the applicable company.

The modifications to the outstanding equity awards resulted in an insignificant amount of additional compensation expense in the year ended December 31, 2016.

Investments in phantom shares of our Common Stock held within our EID Plan by employees that remained with YUM post-Separation that were converted into phantom investments in Yum China at Separation under the shareholder method are allowed to be transferred into cash, phantom shares of a Stock Index Fund and phantom shares of a Bond Index Fund within the EID Plan. As such, distributions of current investments in phantom shares of Yum China may now be settled in cash, as opposed to stock, at a date as elected by the employee and, therefore, are classified as a liability and remeasured to fair value at each reporting period in our Consolidated Balance Sheet. During 2017 and 2016, we recorded $18 million and $30 million, respectively, within G&A related to these awards (See Note 5).

Award Valuation

We estimated the fair value of each stock option and SAR award as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2017	2016	2015
Risk-free interest rate	1.9%	1.4%	1.3%
Expected term (years)	6.4 years	6.4 years	6.4 years
Expected volatility	22.9%	27.0%	26.9%
Expected dividend yield	1.8%	2.6%	2.2%

We believe it is appropriate to group our stock option and SAR awards into two homogeneous groups when estimating expected term. These groups consist of grants made primarily to restaurant-level employees, which cliff-vest after 4 years and expire 10 years after grant, and grants made to executives, which typically have a graded vesting schedule of 25% per year over 4 years and expire 10 years after grant. We use a single weighted-average term for our awards that have a graded vesting schedule. Based on analysis of our historical exercise and post-vesting termination behavior, we have determined that our restaurant-level employees and our executives exercised the awards on average after 5 years and 6.5 years, respectively.

When determining expected volatility, we consider both historical volatility of our stock as well as implied volatility associated with our publicly traded options. The expected dividend yield is based on the annual dividend yield at the time of grant.

The fair values of RSU awards are based on the closing price of our Common Stock on the date of grant. The fair values of PSU awards with market-based conditions have been valued based on the outcome of a Monte Carlo simulation.

Award Activity

Stock Options and SARs

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding at the beginning of the year	21,242	$ 40.78		
Granted	2,879	67.93		
Exercised	(4,269)	36.45		
Forfeited or expired	(1,567)	54.98		
Outstanding at the end of the year	18,285 (a)	44.85	5.42	$ 672
Exercisable at the end of the year	11,971	$ 38.07	4.00	$ 521

(a) Outstanding awards include 943 options and 17,342 SARs with weighted average exercise prices of $36.63 and $45.30, respectively. Outstanding awards represent YUM awards held by employees of both YUM and Yum China.

The weighted-average grant-date fair value of stock options and SARs granted during 2017, 2016 and 2015 was $14.08, $14.40 and $15.95, respectively. The total intrinsic value of stock options and SARs exercised during the years ended December 31, 2017, December 31, 2016 and December 31, 2015, was $154 million, $263 million and $153 million, respectively.

As of December 31, 2017, $55 million of unrecognized compensation cost related to unvested stock options and SARs, which will be reduced by any forfeitures that occur, is expected to be recognized over a remaining weighted-average period of approximately 1.8 years. This reflects unrecognized cost for both YUM and Yum China awards held by YUM employees. The total fair value at grant date of awards for both YUM and Yum China awards held by YUM employees that vested during 2017, 2016 and 2015 was $33 million, $41 million and $42 million, respectively.

RSUs and PSUs

As of December 31, 2017, there was $20 million of unrecognized compensation cost related to 1.0 million unvested RSUs and PSUs. The total fair value at grant date of awards that vested during 2017, 2016 and 2015 was $10 million, $7 million and $11 million, respectively.

Impact on Net Income

The components of share-based compensation expense and the related income tax benefits are shown in the following table:

	2017	2016	2015
Options and SARs	$ 30	$ 38	$ 41
Restricted Stock Units	26	38	3
Performance Share Units	9	4	2
Total Share-based Compensation Expense	$ 65 (a)	$ 80 (b)	$ 46
Deferred Tax Benefit recognized	$ 22 (c)	$ 26	$ 15
EID compensation expense not share-based	$ 12	$ 5	$ 1

(a) Includes $18 million due to appreciation in the market price of Yum China's stock. See Note 5.

(b) Includes $30 million due to modifications of awards in connection with the Separation that was not allocated to any of our operating segments for performance purposes. See Note 5.

(c) Deferred tax benefit recognized does not reflect the impact of the Tax Act. See Note 18.

Cash received from stock option exercises for 2017, 2016 and 2015, was $12 million, $5 million and $12 million, respectively. Tax benefits realized on our tax returns from tax deductions associated with share-based compensation for 2017, 2016 and 2015 totaled $153 million, $109 million and $62 million, respectively.

Note 17 – Shareholders' Deficit

Under the authority of our Board of Directors, we repurchased shares of our Common Stock during 2017, 2016 and 2015. All amounts exclude applicable transaction fees.

	Shares Repurchased (thousands)			Dollar Value of Shares Repurchased		
Authorization Date	2017	2016	2015	2017	2016	2015
November 2017	—	—	—	$ —	$ —	$ —
November 2016	26,561	1,337	—	1,915	85	—
May 2016	—	50,435	—	—	4,200	—
March 2016	—	2,823	—	—	229	—
December 2015	—	13,368	932	—	933	67
November 2014	—	—	13,231	—	—	1,000
November 2013	—	—	1,779	—	—	133
Total	26,561 (a)	67,963 (a)	15,942	$ 1,915 (a)	$ 5,447 (a)	$ 1,200

(a) 2017 amount excludes and 2016 amount includes the effect of $45 million in share repurchases (0.7 million shares) with trade dates prior to December 31, 2016 but settlement dates subsequent to December 31, 2016.

On November 16, 2017, our Board of Directors authorized share repurchases through December 2018 of up to $1.5 billion (excluding applicable transaction fees) of our outstanding Common Stock. As of December 31, 2017, we have remaining capacity to repurchase up to $1.5 billion of Common Stock under this authorization.

Changes in AOCI are presented below.

	Translation Adjustments and Gains (Losses) From Intra-Entity Transactions of a Long-Term Nature[(a)]	Pension and Post-Retirement Benefits[(b)]	Derivative Instruments[(c)]	Total
Balance at December 31, 2015, net of tax	$ (125)	$ (113)	$ (14)	$ (252)
Gains (losses) arising during the year classified into AOCI, net of tax	(153)	(41)	37	(157)
(Gains) losses reclassified from AOCI, net of tax	(11)	27	(18)	(2)
OCI, net of tax	(164)	(14)	19	(159)
Separation of China business	(47)	—	—	(47)
Balance at December 31, 2016, net of tax	$ (336)	$ (127)	$ 5	$ (458)
Gains (losses) arising during the year classified into AOCI, net of tax	107	(13)	(51)	43
(Gains) losses reclassified from AOCI, net of tax	55	34	55	144
OCI, net of tax	162	21	4	187
Balance at December 31, 2017, net of tax	$ (174)	$ (106)	$ 9	(271)

(a) Amounts reclassified from AOCI are due to substantially complete liquidations of foreign entities related to KFC Turkey, Pizza Hut Turkey, Pizza Hut Thailand and Pizza Hut Korea refranchising transactions during 2017 and the Pizza Hut Australia refranchising transaction during 2016.

(b) Amounts reclassified from AOCI for pension and post-retirement benefit plan losses during 2017 include amortization of net losses of $5 million, historical pension data adjustment of $22 million, settlement charges of $20 million, amortization of prior service cost of $5 million and related income tax benefit of $18 million. Amounts reclassified from AOCI for pension and post-retirement benefit plan losses during 2016 include amortization of net losses of $6 million, settlement charges of $33 million, amortization of prior service cost of $5 million and related income tax benefit of $17 million. See Note 15.

(c) See Note 13 for details on amounts reclassified from AOCI.

Note 18 – Income Taxes

U.S. and foreign income before taxes are set forth below:

	2017	2016	2015
U.S.	$ 662	$ 366	$ 480
Foreign	1,612	979	773
	$ 2,274	$ 1,345	$ 1,253

The details of our income tax provision (benefit) are set forth below:

		2017	2016	2015
Current:	Federal	$ (2)	$ 126	$ 267
	Foreign	290	160	133
	State	12	13	28
		$ 300	$ 299	428
Deferred:	Federal	$ 603	$ 19	(116)
	Foreign	19	3	15
	State	12	6	—
		$ 634	$ 28	$ (101)
		$ 934	$ 327	$ 327

The reconciliation of income taxes calculated at the U.S. federal statutory rate to our effective tax rate is set forth below:

	2017		2016		2015	
U.S. federal statutory rate	$ 797	35.0 %	$ 473	35.0 %	$ 438	35.0 %
State income tax, net of federal tax benefit	11	0.5	15	1.1	12	0.9
Statutory rate differential attributable to foreign operations	(212)	(9.3)	(143)	(10.5)	(175)	(13.7)
Adjustments to reserves and prior years	12	0.5	(11)	(0.8)	13	1.0
Share-based payments	(117)	(5.1)	—	—	—	—
Change in valuation allowances	34	1.5	(3)	(0.2)	41	3.0
Other, net	(25)	(1.1)	(4)	(0.3)	(2)	(0.1)
Tax Act Enactment	434	19.1	—	—	—	—
Effective income tax rate	$ 934	41.1 %	$ 327	24.3 %	$ 327	26.1 %

Statutory rate differential attributable to foreign operations. This item includes local taxes, withholding taxes, and shareholder-level taxes, net of foreign tax credits. The favorable impact is primarily attributable to a majority of our income being earned outside of the U.S. where tax rates are generally lower than the U.S. rate.

In 2015, this benefit was positively impacted by the repatriation of current year foreign earnings as we recognized excess foreign tax credits, resulting from the related effective foreign tax rate being higher than the U.S. federal statutory rate.

Adjustments to reserves and prior years. This item includes: (1) changes in tax reserves, including interest thereon, established for potential exposure we may incur if a taxing authority takes a position on a matter contrary to our position; and (2) the effects of reconciling income tax amounts recorded in our Consolidated Statements of Income to amounts reflected on our tax returns, including any adjustments to the Consolidated Balance Sheets. The impact of certain effects or changes may offset items reflected in the *'Statutory rate differential attributable to foreign operations'* line.

In 2016, this item was favorably impacted by the resolution of uncertain tax positions in the U.S.

Share-based payments. 2017 includes a $117 million tax benefit related to the excess tax benefits from share-based payments. These excess benefits were largely associated with deferred compensation payouts to recently retired employees. See Note 2 for discussion related to the adoption of a new accounting standard for share based payments in 2017.

Change in valuation allowances. This item relates to changes for deferred tax assets generated or utilized during the current year and changes in our judgment regarding the likelihood of using deferred tax assets that existed at the beginning of the year. The impact of certain changes may offset items reflected in the *'Statutory rate differential attributable to foreign operations'* line.

In 2017, $34 million of net tax expense was driven by valuation allowances recorded against deferred tax assets generated in the current year. This amount excludes a valuation allowance of $189 million related to the Tax Act.

In 2016, $3 million of net tax benefit was driven by $14 million in net tax expense for valuation allowances recorded against deferred tax assets generated in the current year and $17 million in net tax benefit for valuation allowances resulting from a change in judgment regarding the future use of certain deferred tax assets that existed at the beginning of the year.

In 2015, $41 million of net tax expense was driven by $17 million for valuation allowances recorded against deferred tax assets generated in the current year and $24 million in net tax expense resulting from a change in judgment regarding the future use of certain deferred tax assets that existed at the beginning of the year.

Other. This item primarily includes the impact of permanent differences related to current year earnings as well as U.S. tax credits and deductions.

In 2017, this item was primarily driven by the favorable impact of certain international refranchising gains.

Tax Act Enactment. On December 22, 2017, the U.S. government enacted comprehensive Federal tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "Tax Act"). The Tax Act significantly modifies the U.S. corporate income tax system by, among other things, reducing the federal income tax rate from 35% to 21%, limiting certain deductions, including limiting the deductibility of interest expense to 30% of U.S. Earnings Before Interest, Taxes, Depreciation and Amortization, imposing a mandatory one-time deemed repatriation tax on accumulated foreign earnings and creating a territorial tax system that changes the manner in which future foreign earnings are subject to U.S. tax. On December 22, 2017, the SEC staff issued Staff Accounting Bulletin 118 that allows us to record provisional amounts related to the impacts of the Tax Act during a measurement period not to extend beyond one year of the enactment date. We currently are analyzing the Tax Act and have made reasonable estimates of the effects on our Consolidated Financial Statements and tax disclosures, including the amount of the deemed repatriation tax and changes to our existing deferred tax balances.

The deemed repatriation tax is based on our accumulated foreign earnings and profits that we previously deferred from U.S. income taxes. We recorded an estimated amount for our repatriation tax liability of $170 million as of December 31, 2017. In addition, we remeasured certain net deferred tax assets and liabilities based on the tax rates at which they are expected to reverse in the future. The estimated amount recorded related to the remeasurement of these balances was a net expense of $75 million. Lastly, we recorded a valuation allowance of $189 million on our remaining foreign tax credit carryforwards which are unlikely to be realized under the U.S. territorial tax system. The estimated total impact upon enactment of the Tax Act is $434 million.

We consider the key estimates on the deemed repatriation tax, net deferred tax remeasurement and the impact on our foreign tax credit carryforwards to be incomplete due to our continuing analysis of final year-end data and tax positions. Our analysis could affect the measurement of these balances and give rise to new deferred and other tax assets and liabilities. Since the Tax Act was passed late in the fourth quarter of 2017, and further guidance and accounting interpretation is expected over the next 12 months, our review is still pending. We expect to complete our analysis of the amounts recorded upon enactment of the Tax Act within the measurement period of one year.

The details of 2017 and 2016 deferred tax assets (liabilities) are set forth below:

	2017	2016
Operating losses	$ 216	$ 172
Capital losses	4	184
Tax credit carryforwards	311	284
Employee benefits	94	185
Share-based compensation	58	100
Self-insured casualty claims	7	32
Lease-related liabilities	51	65
Various liabilities	51	56
Property, plant and equipment	24	37
Deferred income and other	31	32
Gross deferred tax assets	847	1,147
Deferred tax asset valuation allowances	(421)	(195)
Net deferred tax assets	$ 426	$ 952
Intangible assets, including goodwill	$ (69)	$ (107)
Property, plant and equipment	(18)	(46)
Deemed repatriation tax	(170)	—
Other	(36)	(34)
Gross deferred tax liabilities	$ (293)	$ (187)
Net deferred tax assets (liabilities)	$ 133	$ 765
Reported in Consolidated Balance Sheets as:		
Deferred income taxes	$ 139	$ 772
Other liabilities and deferred credits	(6)	(7)
	$ 133	$ 765

As of December 31, 2017, we had approximately $3.2 billion of unremitted foreign earnings. We have historically reinvested all the unremitted earnings of our foreign subsidiaries and affiliates, and therefore have not recognized any U.S. deferred tax liability on these earnings. However, upon the enactment of the Tax Act, the unremitted earnings of our foreign subsidiaries and affiliates are subject to U.S. tax due to the mandatory deemed repatriation tax on accumulated foreign earnings provision. As a result, we recognized a one-time income tax expense of $170 million. Our intent is to indefinitely reinvest our unremitted earnings outside the U.S. and our current plans do not demonstrate a need to repatriate these amounts to fund our U.S. operations. Thus, for our investments in foreign subsidiaries where the carrying values for financial reporting exceed the tax basis, we have not provided taxes, other than U.S. federal taxes, for the portion of the excess that we believe is permanently invested, as we have the ability and intent to indefinitely postpone these basis differences from reversing with a tax consequence. However, if these funds were repatriated, we would be required to accrue and pay applicable income taxes (if any) and withholding taxes payable to various countries. A determination of the deferred tax liability on this amount is not practicable.

At December 31, 2017, the Company has foreign operating and capital loss carryforwards of $0.5 billion and U.S. state operating loss and tax credit carryforwards of $1.1 billion and U.S. federal tax credit carryforwards of $0.3 billion. A valuation allowance of $434 million has been recorded against the carryforwards that are not likely to be realized. These losses are being carried forward in jurisdictions where we are permitted to use tax losses from prior periods to reduce future taxable income and will expire as follows:

	Year of Expiration				
	2018	2019-2022	2023-2036	Indefinitely	Total
Foreign	$ 9	$ 46	$ 85	$ 376	$ 516
U.S. state	—	61	1,012	—	1,073
U.S. federal	—	67	238	—	305
	$ 9	$ 174	$ 1,335	$ 376	$ 1,894

We recognize the benefit of positions taken or expected to be taken in tax returns in the Consolidated Financial Statements when it is more likely than not that the position would be sustained upon examination by tax authorities. A recognized tax position is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement.

The Company had $100 million and $91 million of unrecognized tax benefits at December 31, 2017 and December 31, 2016, respectively, $10 million and $87 million of which are temporary in nature and if recognized, would not impact the effective income tax rate. A reconciliation of the beginning and ending amount of unrecognized tax benefits follows:

	2017	2016
Beginning of Year	$ 91	$ 98
Additions on tax positions - current year	3	—
Additions for tax positions - prior years	8	1
Reductions for tax positions - prior years	—	(5)
Reductions for settlements	(1)	(1)
Reductions due to statute expiration	(1)	(2)
Foreign currency translation adjustment	—	—
End of Year	$ 100	$ 91

The Company believes its unrecognized tax benefits will not materially increase or decrease in the next 12 months.

The Company's income tax returns are subject to examination in the U.S. federal jurisdiction and numerous U.S. state and foreign jurisdictions.

The Company has settled audits with the IRS through fiscal year 2010. Our operations in certain foreign jurisdictions remain subject to examination for tax years as far back as 2006, some of which years are currently under audit by local tax authorities.

The accrued interest and penalties related to income taxes at December 31, 2017 and December 31, 2016 are set forth below:

	2017	2016
Accrued interest and penalties	$ 14	$ 9

During 2017, 2016 and 2015, a net expense of $5 million, a net benefit of $4 million and a net expense of $5 million, respectively, for interest and penalties was recognized in our Consolidated Statements of Income as components of its Income tax provision.

In October 2016, the Company completed the separation of its China business into an independent publicly-traded company. The transaction has been treated as qualifying as a tax-free reorganization for U.S. income tax purposes. In addition, the Company considered the China indirect income tax on indirect transfers of assets by nonresident enterprises and concluded that it does not apply to the separation transaction.

Note 19 – Reportable Operating Segments

See Note 1 for a description of our operating segments.

	Revenues		
	2017	2016	2015
KFC Division[a]	$ 3,110	$ 3,225	$ 3,222
Pizza Hut Division[a]	893	1,108	1,205
Taco Bell Division[a]	1,880	2,025	1,991
Unallocated[b][f]	(5)	(2)	—
	$ 5,878	$ 6,356	$ 6,418

	Operating Profit; Interest Expense, Net; and Income Before Income Taxes		
	2017	2016	2015
KFC Division	$ 981	$ 871	$ 835
Pizza Hut Division	341	367	351
Taco Bell Division	619	595	546
Unallocated Franchise and license fees and income[b][f]	(5)	(2)	—
Unallocated restaurant costs[b][i]	10	—	—
Unallocated Franchise and license expenses[b][f]	(30)	(24)	(71)
Corporate and unallocated G&A expenses[b][g]	(230)	(280)	(180)
Unallocated Refranchising gain (loss)[b]	1,083	163	(23)
Unallocated Other income (expense)[b][h]	(8)	(8)	(24)
Operating Profit	2,761	1,682	1,434
Other pension income (expense)[b][j]	(47)	(32)	(40)
Interest expense, net[b]	(440)	(305)	(141)
Income from continuing operations before income taxes	$ 2,274	$ 1,345	$ 1,253

	Depreciation and Amortization		
	2017	2016	2015
KFC Division	$ 138	$ 172	180
Pizza Hut Division	26	36	40
Taco Bell Division	82	90	89
Corporate	7	12	10
	$ 253	$ 310	$ 319

	Capital Spending		
	2017	2016	2015
KFC Division	$ 176	$ 216	$ 260
Pizza Hut Division	42	69	54
Taco Bell Division	95	132	116
Corporate	5	10	12
	$ 318	$ 427	$ 442

	Identifiable Assets	
	2017	2016
KFC Division[e]	$ 1,791	$ 2,158
Pizza Hut Division[e]	628	639
Taco Bell Division[e]	1,086	1,178
Corporate[c][e]	1,806	1,478
	$ 5,311	$ 5,453

	Long-Lived Assets[d]	
	2017	2016
KFC Division	$ 1,200	$ 1,537
Pizza Hut Division	310	372
Taco Bell Division	778	859
Corporate	31	32
	$ 2,319	$ 2,800

(a) U.S. revenues included in the combined KFC, Pizza Hut and Taco Bell Divisions totaled $2.8 billion in 2017, $3.1 billion in 2016 and $3.1 billion in 2015.

(b) Amounts have not been allocated to any segment for performance reporting purposes.

(c) Primarily includes cash and deferred tax assets.

(d) Includes PP&E, goodwill, and intangible assets, net.

(e) U.S. identifiable assets included in the combined Corporate and KFC, Pizza Hut and Taco Bell Divisions totaled $3.0 billion and $3.1 billion in 2017 and 2016, respectively.

(f) Represents costs associated with the KFC U.S. Acceleration Agreement and Pizza Hut U.S. Transformation Agreement. See Note 5.

(g) Amounts in 2017 include costs related to YUM's Strategic Transformation Initiatives of $21 million, non-cash charges associated with modifications of share-based compensation awards of $18 million and costs associated with the Pizza Hut U.S. Transformation Agreement of $13 million. Amounts in 2016 included costs related to YUM's Strategic Transformation Initiatives of $61 million and non-cash charges associated with the modifications of share-based compensation awards of $30 million. See Note 5.

(h) Amounts include losses associated with the sale of corporate aircraft related to YUM's Strategic Transformation Initiatives of $2 million and $9 million in 2017 and 2016, respectively. See Note 8.

(i) Represents depreciation reductions arising primarily from KFC restaurants that were held-for-sale. See Note 5.

(j) Amounts in 2017 include a non-cash charge of $22 million related to the adjustment of certain historical deferred vested liability balances in our qualified U.S. plan. Amounts in 2016 include a settlement charge of $24 million related to the Company allowing certain former employees with deferred vested balances in the Yum Retirement Plan an opportunity to voluntarily elect early payout of their pension benefits. See Note 5.

Note 20 – Contingencies

Lease Guarantees

As a result of having assigned our interest in obligations under real estate leases as a condition to the refranchising of certain Company-owned restaurants, and guaranteeing certain other leases, we are frequently contingently liable on lease agreements. These leases have varying terms, the latest of which expires in 2065. As of December 31, 2017, the potential amount of undiscounted payments we could be required to make in the event of non-payment by the primary lessee was approximately $600 million. The present value of these potential payments discounted at our pre-tax cost of debt at December 31, 2017 was approximately $500 million. Our franchisees are the primary lessees under the vast majority of these leases. We generally have cross-default provisions with these franchisees that would put them in default of their franchise agreement in the event of non-payment under the lease. We believe these cross-default provisions significantly reduce the risk that we will be required to make payments under these leases. Accordingly, the liability recorded for our probable exposure under such leases at December 31, 2017 and December 31, 2016 was not material.

Franchise Loan Pool and Equipment Guarantees

We have agreed to provide financial support, if required, to a variable interest entity that operates a franchisee lending program used primarily to assist franchisees in the development of new restaurants or the upgrade of existing restaurants and, to a lesser extent, in connection with the Company's refranchising programs in the U.S. We have determined that we are not required to consolidate this entity as we share the power to direct this entity's lending activity with other parties. We have provided guarantees of 20% of the outstanding loans of the franchisee loan program. As such, at December 31, 2017 our guarantee exposure under this program is $3 million based on total loans outstanding of $15 million.

In addition to the guarantees described above, YUM has agreed to provide guarantees of up to $43 million on behalf of franchisees for several financing programs related to equipment purchases and refranchising. At December 31, 2017, our guarantee exposure under these financing programs is $10 million based on total loans outstanding of $31 million.

Insurance Programs

We are self-insured for a substantial portion of our current and prior years' coverage including property and casualty losses. To mitigate the cost of our exposures for certain property and casualty losses, we self-insure the risks of loss up to defined maximum per occurrence retentions on a line-by-line basis. The Company then purchases insurance coverage, up to a certain limit, for losses that exceed the self-insurance per occurrence retention. The insurers' maximum aggregate loss limits are significantly above our actuarially determined probable losses; therefore, we believe the likelihood of losses exceeding the insurers' maximum aggregate loss limits is remote.

The following table summarizes the 2017 and 2016 activity related to our net self-insured property and casualty reserves as of December 31, 2017.

	Beginning Balance	Expense	Payments	Ending Balance
2017 Activity	$ 98	27	(41)	$ 84
2016 Activity	$ 102	42	(46)	$ 98

Due to the inherent volatility of actuarially determined property and casualty loss estimates, it is reasonably possible that we could experience changes in estimated losses which could be material to our growth in quarterly and annual Net Income. We believe that we have recorded reserves for property and casualty losses at a level which has substantially mitigated the potential negative impact of adverse developments and/or volatility.

In the U.S. and in certain other countries, we are also self-insured for healthcare claims and long-term disability for eligible participating employees subject to certain deductibles and limitations. We have accounted for our retained liabilities for property and casualty losses, healthcare and long-term disability claims, including reported and incurred but not reported claims, based on information provided by independent actuaries.

Legal Proceedings

We are subject to various claims and contingencies related to lawsuits, real estate, environmental and other matters arising in the normal course of business. An accrual is recorded with respect to claims or contingencies for which a loss is determined to be probable and reasonably estimable.

We are currently engaged in various legal proceedings and have certain unresolved claims pending, the ultimate liability for which, if any, cannot be determined at this time. However, based upon consultation with legal counsel, we are of the opinion that such proceedings and claims are not expected to have a material adverse effect, individually or in the aggregate, on our Consolidated Financial Statements.

Note 21 – Selected Quarterly Financial Data (Unaudited)

	2017				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenues:					
Company sales	$ 902	$ 909	$ 871	$ 890	$ 3,572
Franchise and license fees and income	515	539	565	687	2,306
Total revenues	1,417	1,448	1,436	1,577	5,878
Restaurant profit	144	161	154	159	618
Operating Profit[(a)]	484	419	643	1,215	2,761
Net Income	280	206	418	436	1,340
Basic earnings per common share from continuing operations	0.78	0.59	1.21	1.29	3.86
Diluted earnings per common share from continuing operations	0.77	0.58	1.18	1.26	3.77
Dividends declared per common share	0.30	0.30	—	0.30	0.90

	2016				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenues:					
Company sales	$ 953	$ 1,006	$ 992	$ 1,238	$ 4,189
Franchise and license fees and income	490	503	526	648	2,167
Total revenues	1,443	1,509	1,518	1,886	6,356
Restaurant profit	148	167	161	224	700
Operating Profit[(b)]	349	415	398	520	1,682
Income from continuing operations, net of tax	226	266	218	308	1,018
Income (loss) from discontinued operations, net of tax	138	70	422	(5)	625
Net Income	364	336	640	303	1,643
Basic earnings per common share from continuing operations	0.55	0.65	0.56	0.84	2.58
Basic earnings (loss) per common share from discontinued operations	0.33	0.17	1.09	(0.01)	1.59
Basic earnings per common share	0.88	0.82	1.65	0.83	4.17
Diluted earnings per common share from continuing operations	0.54	0.64	0.55	0.83	2.54
Diluted earnings (loss) per common share from discontinued operations	0.33	0.17	1.07	(0.01)	1.56
Diluted earnings per common share	0.87	0.81	1.62	0.82	4.10
Dividends declared per common share	0.46	0.46	0.51	0.30	1.73

(a) Includes net gains from refranchising initiatives of $111 million, $19 million, $201 million and $752 million in the first, second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $7 million, $4 million, $4 million and $8 million in the first, second, third and fourth quarters, respectively, costs associated with the Pizza Hut U.S. Transformation Agreement of $12 million, $8 million and $11 million in the second, third and fourth quarters, respectively, costs associated with the KFC U.S. Acceleration Agreement of $3 million, $5 million, $4 million and $5 million in the first, second, third and fourth quarters, respectively and non-cash charges associated with the modification of share-based compensation awards in connection with the Separation of $2 million and $16 million in the first and second quarters, respectively.

(b) Includes net gains from refranchising initiatives of $54 million, $21 million and $88 million in the second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $4 million, $30 million and $33 million in the second, third and fourth quarters, respectively, a non-cash charge primarily associated with the modification of share-based compensation awards in connection with the Separation of $30 million in the fourth quarter and costs associated with KFC U.S. Acceleration Agreement of $9 million, $8 million and $9 million in the first, second and fourth quarters, respectively. See Note 5.

Note 22 – Subsequent Events

On February 7, 2018, certain of our subsidiaries entered into a master services agreement with a subsidiary of Grubhub Inc. ("Grubhub"), the leading online and mobile takeout food-ordering company in the U.S., which is intended to provide dedicated support for the KFC and Taco Bell branded online delivery channels in the U.S. through Grubhub's online ordering platform, logistics and last-mile support for delivery orders, as well as point-of-sale integration to streamline operations. Concurrently with the master services agreement, one of our subsidiaries entered into an investment agreement with Grubhub to invest $200 million in exchange for approximately 2.8 million shares of Grubhub common stock, subject to customary closing conditions. In connection with the closing of the investment, Grubhub has agreed to appoint a YUM representative to Grubhub's Board of Directors. We expect the closing of the investment to occur prior to the end of the first quarter of 2018.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based on the evaluation, performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (the "CEO") and the Chief Financial Officer (the "CFO"), the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control – Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was effective as of December 31, 2017.

KPMG LLP, an independent registered public accounting firm, has audited the Consolidated Financial Statements included in this Annual Report on Form 10-K and the effectiveness of our internal control over financial reporting and has issued their report, included herein.

Changes in Internal Control

There were no changes with respect to the Company’s internal control over financial reporting or in other factors that materially affected, or are reasonably likely to materially affect, internal control over financial reporting during the quarter ended December 31, 2017.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information regarding Section 16(a) compliance, the Audit Committee and the Audit Committee financial expert, the Company's code of ethics and background of the directors appearing under the captions "Stock Ownership Information," "Governance of the Company," "Executive Compensation" and "Item 1: Election of Directors and Director biographies" is incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2017.

Information regarding executive officers of the Company is included in Part I.

Item 11. Executive Compensation.

Information regarding executive and director compensation and the Compensation Committee appearing under the captions "Governance of the Company" and "Executive Compensation" is incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2017.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information regarding equity compensation plans and security ownership of certain beneficial owners and management appearing under the captions "Executive Compensation" and "Stock Ownership Information" is incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2017.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information regarding certain relationships and related transactions and information regarding director independence appearing under the caption "Governance of the Company" is incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2017.

Item 14. Principal Accountant Fees and Services.

Information regarding principal accountant fees and services and audit committee pre-approval policies and procedures appearing under the caption "Item 2: Ratification of Independent Auditors" is incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2017.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) Financial Statements: Consolidated Financial Statements filed as part of this report are listed under Part II, Item 8 of this Form 10-K.

(2) Financial Statement Schedules: No schedules are required because either the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements thereto filed as a part of this Form 10-K.

(3) Exhibits: The exhibits listed in the accompanying Exhibit Index are filed as part of this Form 10-K. The Index to Exhibits specifically identifies each management contract or compensatory plan required to be filed as an exhibit to this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-K annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 21, 2018

YUM! BRANDS, INC.

By: /s/ Greg Creed

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Greg Creed Greg Creed	Chief Executive Officer (principal executive officer)	February 21, 2018
/s/ David W. Gibbs David W. Gibbs	President and Chief Financial Officer (principal financial officer)	February 21, 2018
/s/ David E. Russell David E. Russell	Senior Vice President, Finance and Corporate Controller (principal accounting officer)	February 21, 2018
/s/ Paget L. Alves Paget L. Alves	Director	February 21, 2018
/s/ Michael J. Cavanagh Michael J. Cavanagh	Director	February 21, 2018
/s/ Christopher M. Connor Christopher M. Connor	Director	February 21, 2018
/s/ Brian C. Cornell Brian C. Cornell	Director	February 21, 2018
/s/ Tanya L. Domier Tanya L. Domier	Director	February 21, 2018
/s/ Mirian M. Graddick-Weir Mirian M. Graddick-Weir	Director	February 21, 2018
/s/ Thomas C. Nelson Thomas C. Nelson	Director	February 21, 2018
/s/ P. Justin Skala P. Justin Skala	Director	February 21, 2018
/s/ Elane B. Stock Elane B. Stock	Director	February 21, 2018
/s/ Robert D. Walter Robert D. Walter	Director	February 21, 2018

YUM! Brands, Inc.
Exhibit Index
(Item 15)

Exhibit Number	Description of Exhibits
2.1	Separation and Distribution Agreement, dated as of October 31, 2016, by and among YUM, Yum Restaurants Consulting (Shanghai) Company Limited and Yum China Holdings, Inc., which is incorporated herein by reference from Exhibit 2.1 to YUM's Report on Form 8-K filed on November 3, 2016.
3.1	Restated Articles of Incorporation of YUM, effective May 26, 2011, which is incorporated herein by reference from Exhibit 3.1 to YUM's Report on Form 8-K filed on May 31, 2011.
3.2	Amended and restated Bylaws of YUM, effective July 15, 2016, which are incorporated herein by reference from Exhibit 3.1 to YUM's Report on Form 8-K filed on July 19, 2016.
4.1	Indenture, dated as of May 1, 1998, between YUM and The Bank of New York Mellon Trust Company, N.A., successor in interest to The First National Bank of Chicago, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on May 13, 1998.
	(i) 6.25% Senior Notes due March 15, 2018 issued under the foregoing May 1, 1998 indenture, which notes are incorporated by reference from Exhibit 4.2 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed on October 22, 2007.
	(ii) 6.875% Senior Notes due November 15, 2037 issued under the foregoing May 1, 1998 indenture, which notes are incorporated by reference from Exhibit 4.3 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed on October 22, 2007.
	(iii) 5.30% Senior Notes due September 15, 2019 issued under the foregoing May 1, 1998 indenture, which notes are incorporated by reference from Exhibit 4.3 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed on August 25, 2009.
	(iv) 3.875% Senior Notes due November 1, 2020 issued under the foregoing May 1, 1998 indenture, which notes are incorporated by reference from Exhibit 4.2 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed on August 31, 2010.
	(v) 3.750% Senior Notes due November 1, 2021 issued under the foregoing May 1, 1998 indenture, which notes are incorporated by reference from Exhibit 4.2 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed August 29, 2011.
	(vi) 3.875% Senior Notes due November 1, 2023 issued under the foregoing May 1, 1998 indenture, which notes are incorporated by reference from Exhibit 4.2 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed October 31, 2013.
	(vii) 5.350% Senior Notes due November 1, 2043 issued under the foregoing May 1, 1998 indenture, which notes are incorporated by reference from Exhibit 4.3 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed October 31, 2013.

Exhibit Number	Description of Exhibits
10.1	Credit Agreement, dated as of June 16, 2016, by and among Pizza Hut Holdings, LLC, KFC Holding Co., and Taco Bell of America, LLC, as the borrowers, the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, JPMorgan Chase Bank, N.A., Goldman Sachs Bank USA, Wells Fargo Securities, LLC, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley Senior Funding, Inc., Fifth Third Bank and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Joint Lead Arrangers and Joint Bookrunners, Barclays Bank PLC, The Bank of Nova Scotia, Cooperatieve Rabobank U.A., New York Branch, and Industrial and Commercial Bank of China Limited, New York Branch, as Co-Documentation Agents and Co-Managers, which is incorporated herein by reference from Exhibit 4.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended June 11, 2016.
10.1.1	Refinancing Amendment, dated as of March 21, 2017, to Credit Agreement dated as of June 16, 2016 among Pizza Hut Holdings, LLC, KFC Holding Co. and Taco Bell of America, LLC, as borrowers, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Collateral Agent, Swing Line Lender, an L/C Issuer and Administrative Agent for the Lenders, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K as filed on March 23, 2017.
10.1.2	Refinancing Amendment No. 2, dated as of June 7, 2017, to Credit Agreement dated as of June 16, 2016, as amended, among Pizza Hut Holdings, LLC, KFC Holding Co. and Taco Bell of America, LLC, as borrowers, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Collateral Agent, Swing Line Lender, an L/C Issuer and Administrative Agent for the Lenders, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K as filed on June 8, 2017.
10.2†	YUM Director Deferred Compensation Plan, as effective October 7, 1997, which is incorporated herein by reference from Exhibit 10.7 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 1997.
10.2.1†	YUM Director Deferred Compensation Plan, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended through November 14, 2008, which is incorporated by reference from Exhibit 10.7.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended June 13, 2009.
10.3†	YUM Executive Incentive Compensation Plan, as effective May 20, 2004, and as Amended through the Second Amendment, as effective May 21, 2009, which is incorporated herein by reference from Exhibit A of YUM's Definitive Proxy Statement on Form DEF 14A for the Annual Meeting of Shareholders held on May 21, 2009.
10.4†	YUM Executive Income Deferral Program, as effective October 7, 1997, and as amended through May 16, 2002, which is incorporated herein by reference from Exhibit 10.10 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2005.
10.4.1†	YUM! Brands Executive Income Deferral Program, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended through June 30, 2009, which is incorporated by reference from Exhibit 10.10.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended June 13, 2009.
10.5†	YUM! Brands Pension Equalization Plan, Plan Document for the Pre-409A Program, as effective January 1, 2005, and as Amended through December 31, 2010, which is incorporated by reference from Exhibit 10.7 to Yum's Quarterly Report on Form 10-Q for the quarter ended March 19, 2011.
10.5.1†	The Yum! Brands, Inc. Pension Equalization Plan, Restated Plan Document for the 409A Program effective January 1, 2005, as amended through January 1, 2017 as filed herewith.

10.6†	Form of Directors' Indemnification Agreement, which is incorporated herein by reference from Exhibit 10.17 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 1997.
10.7†	Form of YUM! Brands, Inc. Change in Control Severance Agreement, which is incorporated herein by reference from Exhibit 10.1 to Yum's Report on Form 8-K filed on March 21, 2013.
10.8†	YUM! Long Term Incentive Plan, as Amended and Restated effective as of May 20, 2016 as incorporated by reference from Form DEF 14A filed on April 8, 2016.

Exhibit Number	Description of Exhibits
10.9†	YUM SharePower Plan, as effective October 7, 1997, and as amended through June 23, 2003, which is incorporated herein by reference from Exhibit 10.23 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2005.
10.10†	Form of YUM Director Stock Option Award Agreement, which is incorporated herein by reference from Exhibit 10.25 to YUM's Quarterly Report on Form 10-Q for the quarter ended September 4, 2004.
10.11†	Form of YUM 1999 Long Term Incentive Plan Award Agreement, which is incorporated herein by reference from Exhibit 10.26 to YUM's Quarterly Report on Form 10-Q for the quarter ended September 4, 2004.
10.11.1†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2013) (Stock Options), which is incorporated herein by reference from Exhibit 10.15.1 to YUM’s Quarterly Report on Form 10-Q for the quarter ended March 23, 2013.
10.11.2†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2015) (Stock Options), which is incorporated herein by reference from Exhibit 10.15.2 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 2014.
10.12†	YUM! Brands, Inc. International Retirement Plan, as in effect January 1, 2005, which is incorporated herein by reference from Exhibit 10.27 to YUM's Annual Report on Form 10-K for the fiscal year ended December 25, 2004.
10.13†	Form of 1999 Long Term Incentive Plan Award Agreement (Stock Appreciation Rights) which is incorporated by reference from Exhibit 99.1 to YUM's Report on Form 8-K as filed on January 30, 2006.
10.13.1†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2013) (Stock Appreciation Rights), which is incorporated by reference from Exhibit 10.18.1 to YUM’s Quarterly Report on Form 10-Q for the quarter ended March 23, 2013.
10.13.2†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2015) (Stock Appreciation Rights), which is incorporated herein by reference from Exhibit 10.18.2 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 2014.
10.14†	YUM! Brands Leadership Retirement Plan, as in effect January 1, 2005, which is incorporated herein by reference from Exhibit 10.32 to YUM's Quarterly Report on Form 10-Q for the quarter ended March 24, 2007.
10.14.1†	YUM! Brands Leadership Retirement Plan, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended through December, 2009, which is incorporated by reference from Exhibit 10.21.1 to YUM's Annual Report on Form 10-K for the fiscal year ended December 26, 2009.
10.15†	YUM! Performance Share Plan, as amended and restated January 1, 2013, which is incorporated by reference from Exhibit 10.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended June 13, 2015.
10.16†	YUM! Brands Third Country National Retirement Plan, as effective January 1, 2009, which is incorporated by reference from Exhibit 10.25 to YUM's Annual Report on Form 10-K for the fiscal year ended December 26, 2009.
10.17†	2010 YUM! Brands Supplemental Long Term Disability Coverage Summary, as effective January 1, 2010, which is incorporated by reference from Exhibit 10.26 to YUM's Annual Report on Form 10-K for the fiscal year ended December 26, 2009.
10.18†	1999 Long Term Incentive Plan Award (Stock Appreciation Rights) by and between the Company and David C. Novak, dated as of February 6, 2015, which is incorporated herein by reference from Exhibit 10.27 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 2014.

10.19†	YUM! Brands, Inc. Compensation Recovery Policy, Amended and Restated January 1, 2015, which is incorporated herein by reference from Exhibit 10.28 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 2014.

Exhibit Number	Description of Exhibits
10.20	Indenture, dated as of June 16, 2016, by and among KFC Holding Co., Pizza Hut Holdings, LLC and Taco Bell of America, LLC, as issuers, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on June 21, 2016.
10.21	Indenture, dated as of June 15, 2017, by and among KFC Holding Co., Pizza Hut Holdings, LLC and Taco Bell of America, LLC, as issuers, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on June 16, 2017.
10.22	Base Indenture, dated as of May 11, 2016, between Taco Bell Funding, LLC, as issuer and Citibank, N.A., as trustee and securities intermediary, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on May 16, 2016.
10.23	Series 2016-1 Supplement to Base Indenture dated as of May 11, 2016, by and between Taco Bell Funding, LLC, as issuer and Citibank, N.A. as trustee and Series 2016-1 securities intermediary, which is incorporated herein by reference from Exhibit 4.2 to YUM's Report on Form 8-K filed on May 16, 2016.
10.24	Guarantee and Collateral Agreement, dated as of May 11, 2016, by Taco Bell Franchise Holder 1, LLC, Taco Bell Franchisor, LLC, Taco Bell IP Holder, LLC and Taco Bell Franchisor Holdings, LLC in favor of Citibank, N.A., which is incorporated herein by reference from Exhibit 10.2 to YUM's Report on Form 8-K filed on May 16, 2016.
10.25	Management Agreement, dated as of May 11, 2016, among Taco Bell Funding, LLC, as issuer, Taco Bell Franchise Holder 1, LLC, Taco Bell Franchisor, LLC, Taco Bell IP Holder, LLC, Taco Bell Franchisor Holdings, LLC, Citibank, N.A. and Taco Bell Corp., as manager, which is incorporated herein by reference from Exhibit 10.3 to YUM's Report on Form 8-K filed on May 16, 2016.
10.26	Master License Agreement, dated as of October 31, 2016, by and between Yum! Restaurants Asia Pte. Ltd. and Yum Restaurants Consulting (Shanghai) Company Limited, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K filed on November 3, 2016.
10.27	Tax Matters Agreement, dated as of October 31, 2016, by and among YUM, Yum China Holdings, Inc. and Yum Restaurants Consulting (Shanghai) Company Limited, which is incorporated herein by reference from Exhibit 10.2 to YUM's Report on Form 8-K filed on November 3, 2016.
12.1	Computation of ratio of earnings to fixed charges.
21.1	Active Subsidiaries of YUM.

Exhibit Number	Description of Exhibits
23.1	Consent of KPMG LLP.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

† Indicates a management contract or compensatory plan.

YUM! BRANDS, INC.

PENSION EQUALIZATION PLAN

(PEP)

Plan Document for the Section 409A Program
(January 1, 2005 Restatement, As Amended Through January 1, 2017)

YUM! BRANDS, INC. PENSION EQUALIZATION PLAN

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YUM! BRANDS, INC. PENSION EQUALIZATION PLAN

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YUM! BRANDS, INC. PENSION EQUALIZATION PLAN

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ARTICLE I

FOREWORD

The Yum! Brands, Inc. Pension Equalization Plan ("PEP" or "Plan") has been adopted by Yum! Brands, Inc. ("Yum!") for the benefit of certain employees of the Yum! Organization who participate in the Yum! Brands Retirement Plan ("Salaried Plan"). PEP provides benefits for eligible employees whose pension benefits under the Salaried Plan are limited by the provisions of the Internal Revenue Code of 1986, as amended. In addition, PEP provides benefits for certain eligible employees based on the pre-1989 Salaried Plan formula.

This Plan is first effective on October 7, 1997 in connection with the spinoff of Yum! from PepsiCo, Inc. This Plan is a successor plan to the PepsiCo Pension Equalization Plan.

This document is effective as of January 1, 2005 (the "Effective Date"). It sets forth the terms of the Plan that are applicable to benefits that are subject to Section 409A (the "409A Program"). A separate document sets forth the terms of the Plan for benefits that are grandfathered under Section 409A because they were earned and vested on or before December 31, 2004, and not materially modified after October 3, 2004 (the "Pre-409A Program"). For the period beginning on January 1, 2005, and ending on February 28, 2010, benefits under the Pre-409A Program were payable in accordance with the pre-409A terms of this Plan. Effective March 1, 2010, as a result of a plan amendment, benefits under the Pre-409A Program became payable and began to be administered as if they were subject to the terms of 409A Program, except with respect to the following two groups (who may be referred to as the March 1, 2010 Grandfathered Participants): (i) Pre-2005 Participants, as defined in Article II, and (ii) other Participants who have an Annuity Starting Date that occurred before March 1, 2010.

Together, this document and the document for the Pre-409A Program describe the terms of a single plan. To the extent necessary to provide for different terms of payment, amounts subject to the terms of this 409A Program and amounts subject to the terms of the Pre-409A Program shall be tracked separately at all times. The preservation of the terms of the Pre-409A Program in the case of the March 1, 2010 Grandfathered Participants, without material modification, and the separate traction provided by the preceding sentence for 409A Program amounts and Pre-409A Program amounts are intended to be sufficient to permit the pre-409A Program to remain exempt from Section 409A as grandfathered benefits.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions:

This section provides definitions for certain words and phrases listed below. These definitions can be found on the pages indicated.

Page

Where the following words and phrases, in boldface and underlined, appear in this Plan (including the Foreword) with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context.

(a) **Accrued Benefit**: The Pension payable at Normal Retirement Date determined in accordance with Article V, based on the Participant's Highest Average Monthly Earnings and Credited Service at the date of determination.

(b) **Actuarial Equivalent**: Except as otherwise specifically set forth in the Plan or any Appendix to the Plan with respect to a specific benefit determination, a benefit of equivalent value computed on the basis of the factors set forth below. The application of the following assumptions to the computation of benefits payable under the Plan shall be done in a uniform and consistent manner. In the event the Plan is amended to provide new rights, features or benefits, the following actuarial factors shall not apply to these new elements unless specifically adopted by the amendment.

(1) Annuities and Inflation Protection: To determine the amount of a Pension payable in the form of a Qualified Joint and Survivor Annuity or optional form of survivor annuity, an annuity with inflation protection, or as a period certain and life annuity, the Plan Administrator shall select the factors that are to be used. Effective January 1, 2009, the initial factors selected by the Plan Administrator are set forth in Schedule 1, below (prior factors appear in the Appendix). Thereafter, the Plan Administrator shall review such initial factors from time to time and shall amend such factors in its discretion. A Participant shall have no right to have any of the actuarial factors specified under the Plan

from time to time applied to his benefit (or any portion thereof), except to the extent that a particular factor is currently in effect at the time it is to be applied under the Plan. For the avoidance of doubt, it is expressly intended and binding upon Participants that any actuarial factors selected by the Plan Administrator from time-to-time may be applied retroactively to already accrued benefits, and without regard to the actuarial factors that may have applied previously for such purpose.

SCHEDULE 1

DATE	**MORTALITY TABLE FACTORS**	**INTEREST RATE FACTOR**
JANUARY 1, 2009-PRESENT	[INSERT]	[INSERT]

(2) Lump Sums: To determine the lump sum value of a Pension, or a Pre-Retirement Spouse's Pension under Section 4.6, the factors applicable for such purposes under the Salaried Plan shall apply.

(3) Early Commencement and Certain Other Reductions: Effective with respect to Annuity Starting Dates on and after April 1, 2016, the mortality rates that are applicable in calculating:

(i) The reduction for commencement prior to the Normal Retirement Date of a Vested Pension described in Section 4.3, and

(ii) The offset to a Participant's Plan benefit related to the Participant's having received or being entitled to receive another benefit (whether or not from this Plan),

Shall be determined using the Applicable Mortality Table and interest rate that apply under the Salaried Plan for these purposes.

(4) Other Cases: To determine the adjustment to be made in the Pension payable to or on behalf of a Participant in other cases, the factors are those applicable for such purpose under the Salaried Plan.

(c) **Annuity**: A Pension payable as a series of monthly payments for at least the life of the Participant.

(d) **Annuity Starting Date:** The Annuity Starting Date shall be the first day of the first period for which an amount is payable under this Plan as an annuity or in any other form. Notwithstanding anything else in the Plan to the contrary, the Annuity Starting Date shall be determined without regard to any delay that may be applicable to a Participant's Pension, such as the delay required for Key Employees under Section 6.6 or for prior payment elections under Section 6.1(a)(2). A Participant who: (1) is reemployed after his initial Annuity Starting Date, and (2) is entitled to benefits hereunder after his reemployment, shall have a subsequent Annuity Starting Date for such benefits only to the extent provided in Section 6.3(d).

(e) **Cashout Limit**: The annual dollar limit on elective deferrals under Code section 402(g)(1)(B), as in effect from time to time.

(f) **Code**: The Internal Revenue Code of 1986, as amended from time to time. All references herein to particular Code Sections shall also refer to any successor provisions and shall include all related regulations.

(g) **Company**: Yum! Brands, Inc., a corporation organized and existing under the laws of the State of North Carolina or its successor or successors. For periods before May 16, 2002, the Company was named Tricon Global Restaurants, Inc. For periods before October 7, 1997, the Company under the Prior Plan was PepsiCo, Inc., a North Carolina corporation.

(h) **Covered Compensation**: "Covered Compensation" as that term is defined in the Salaried Plan.

(i) **Credited Service**: The period of a Participant's employment, calculated in accordance with Section 3.3, which is counted for purposes of determining the amount of benefits payable to, or on behalf of, the Participant.

(j) **Disability Retirement Pension**: The Retirement Pension available to a Participant under Section 4.5.

(k) **Early 409A Retirement Pension**: The 409A Retirement Pension available to a Participant under Section 4.2.

(l) **Effective Date**: The date upon which this document for the 409A Program is effective, January 1, 2005. Certain identified provisions of the 409A Program or the Plan may be effective on different dates, to the extent noted herein.

(m) **Elapsed Time Service**: The period of time beginning with a Participant's first date of employment with the Yum! Brands Organization and ending with the Participant's Final Separation from Service, irrespective of any breaks in service between those two dates. By way of illustration, if a Participant began employment with the Yum! Brands Organization on January 1, 2000, left the employment of the Yum! Brands Organization from January 1, 2001 until December 31, 2004, and was then reemployed by the Yum! Brands Organization on January 1, 2005 until he had a Final Separation from Service on December 31, 2008, the Participant would have eight years of Elapsed Time Service as of his Final Separation from Service.

(n) **<u>Eligible Spouse</u>**: The spouse of a Participant to whom the Participant is married on the earlier of the Participant's Annuity Starting Date or the date of the Participant's death. For purposes of the Plan, a Participant is considered married if he is considered married under the Salaried Plan, and his Eligible Spouse shall be the individual to whom he is considered married under the Salaried Plan.

(o) **<u>Employee</u>**: An individual who qualifies as an "Employee" as that term is defined in the Salaried Plan.

(p) **<u>Employer</u>**: An entity that qualifies as an "Employer" as that term is defined in the Salaried Plan.

(q) **<u>ERISA</u>**: Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, including any amendments thereto, any similar subsequent federal laws, and any regulations from time to time in effect under any of such laws.

(r) **<u>Highest Average Monthly Earnings</u>**: "Highest Average Monthly Earnings" as that term is defined in the Salaried Plan, but without regard to the limitation imposed by section 401(a)(17) of the Code (as such limitation is interpreted and applied under the Salaried Plan). Notwithstanding the foregoing, to the extent that a Participant receives, during a leave of absence, earnings that would be counted as Highest Average Monthly Earnings if they were received during a period of active service, but that will be received after the Participant's Separation from Service, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such earnings were taken into account under the Plan.

(s) **Key Employee**: The individuals identified in accordance with the following paragraphs.

(1) In General. Any Participant who at any time during the applicable year is:

(i) An officer of any member of the Yum! Brands Organization having annual compensation greater than $130,000 (as adjusted for the applicable year under Code Section 416(i)(1));

(ii) A 5-percent owner of any member of the Yum! Brands Organization; or

(iii) A 1-percent owner of any member of the Yum! Brands Organization having annual compensation of more than $150,000.

For purposes of subparagraph (i) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers. For purposes of this Section, annual compensation means compensation as defined in Treas. Reg. §1.415(c)-2(a), without regard to Treas. Reg. §§1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g); provided, however, that effective as of the Key Employee identification date that occurs on December 31, 2009, annual compensation shall not include compensation excludible from an employee's gross income on account of the location of the services or the identity of the employer that is not effectively connected with the conduct of a trade or business in the United States, in accordance with Treasury Regulation Section 1.415(c)-2(g)(5)(ii). The Plan Administrator shall determine who is a Key Employee in accordance with Code Section 416(i) (provided, that Code Section 416(i)(5) shall not apply in making such determination), and provided further than the applicable year shall be determined in accordance with Section 409A and that any modification of the foregoing definition that applies under Section 409A shall be taken into account.

(2) Applicable Year. Effective from and after December 31, 2007, the Plan Administrator shall determine Key Employees effective as of the last day of each calendar year, based on compensation for such year, and such designation shall be effective for purposes of this Plan for the twelve-month period commencing on April 1st of the next following calendar year (*e.g.*, the Key Employee determination by the Plan Administrator as of December 31, 2008 shall apply to the period from April 1, 2009 to March 31, 2010).

(t) **Late Retirement Date:** The Late Retirement Date shall be the first day of the month coincident with or immediately following a Participant's actual Retirement Date occurring after his Normal Retirement Age.

(u) **Late 409A Retirement Pension**: The Retirement Pension available to a Participant under Section 4.4.

(v) **Normal Retirement Age**: The Normal Retirement Age under the Plan is age 65 or, if later, the age at which a Participant first has 5 Years of Elapsed Time Service.

(w) **Normal Retirement Date**: A Participant's Normal Retirement Date shall be the first day of the month coincident with or immediately following a Participant's Normal Retirement Age.

(x) **Normal 409A Retirement Pension:** The Retirement Pension available to a Participant under Section 4.1.

(y) **Participant**: An Employee participating in the Plan in accordance with the provisions of Section 3.1.

(z) **Pension**: One or more payments that are payable by the Plan to a person who is entitled to receive benefits under the Plan. The term "409A Pension" shall be used to refer to the portion of a Pension that is derived from the 409A Program. The term "Pre-409A Pension" shall be used to refer to the portion of a Pension that is derived from the Pre-409A Program. Effective March 1, 2010, the Pre-409A Pension, if any, of a Participant who is not a March 1, 2010 Grandfathered Participant shall be paid and administered as if the Participant's entire Plan benefit were solely subject to the terms of the 409A Program.

(aa) **Plan:** The Yum! Brands, Inc. Pension Equalization Plan, the Plan set forth herein and in the Pre-409A Program documents, as the Plan may be amended from time to time (subject to the limitations on amendment that are applicable hereunder and under the Pre-409A Program). Prior to September 1, 2004, the Plan was known as the Tricon Pension Equalization Plan. The Plan is also sometimes referred to as PEP, and it is a successor to the PepsiCo Pension Equalization Plan, which was also known as the PepsiCo Pension Benefit Equalization Plan.

(bb) **Plan Administrator**: The Company, which shall have authority to administer the Plan as provided in Article VII.

(cc) **Plan Year**: The Plan Year shall be the 12-month period commencing on January 1 and ending on December 31.

(dd) **Pre-2005 Participant**: A Participant whose employment with the Yum! Brands Organization terminated on or before December 31, 2004, and whose rights to a

Pension are based solely on the legally binding rights (i) that he had on (or before) December 31, 2004, and (ii) that were not materially modified after October 3, 2004.

(ee) **Pre-Retirement Spouse's Pension**: The Pension available to an Eligible Spouse under the Plan. The term "Pre-Retirement Spouse's 409A Pension" shall be used to refer to the Pension available to an Eligible Spouse under Section 4.6 of this document.

(ff) **Primary Social Security Amount**: In determining Pension amounts, Primary Social Security Amount shall mean:

(1) For purposes of determining the amount of a Retirement, Vested or Pre-Retirement Spouse's Pension, the Primary Social Security Amount shall be the estimated monthly amount that may be payable to a Participant commencing at age 65 as an old-age insurance benefit under the provisions of Title II of the Social Security Act, as amended. Such estimates of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the following assumptions:

(i) That the Participant's social security wages in any year prior to Retirement or Separation from Service are equal to the Taxable Wage Base in such year, and

(ii) That he will not receive any social security wages after Retirement or Separation from Service.

However, in computing a Vested Pension under Formula A of Section 5.2, the estimate of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the assumption that he continued to receive social security wages until age 65 at the same rate as the Taxable Wage Base in effect at his Separation from Service. For purposes of this subsection, “social security wages” shall mean wages within the meaning of the Social Security Act.

(2) For purposes of determining the amount of a Disability Pension, the Primary Social Security Amount shall be (except as provided in the next sentence) the initial monthly amount actually received by the disabled Participant as a disabil-ity insurance benefit under the provisions of Title II of the Social Security Act, as amended and in effect at the time of the Participant's Retirement due to disability. Notwithstanding the preceding sentence, for any period that a Participant receives a Disability Pension before receiv-ing a disability insurance benefit under the pro-visions of Title II of the Social Security Act, then the Participant's Primary Social Security Amount for such period shall be determined pursuant to paragraph (1) above.

(3) For purposes of paragraphs (1) and (2), the Primary Social Security Amount shall exclude amounts that may be available because of the spouse or any dependent of the Participant or any amounts payable on account of the Participant's death. Estimates of Primary Social Security Amounts shall be made on the basis of the Social Security Act as in effect at the Participant's Separation from Service Date, without regard to any increases in the social security wage base or benefit levels provided by such Act which take effect thereafter.

(gg) **Prior Plan:** The PepsiCo Pension Equalization Plan.

(hh) **Qualified Joint and Survivor Annuity**: An Annuity which is payable to the Participant for life with 50 percent of the amount of such Annuity payable after the Participant's death to his surviving Eligible Spouse for life. If the Eligible Spouse predeceases the Participant, no survivor benefit under a Qualified Joint and Survivor Annuity shall be payable to any person. The amount of a Participant's monthly payment under a Qualified Joint and Survivor Annuity shall be reduced to the extent provided in Sections 5.1 and 5.2, as applicable.

(ii) **Retirement**: Separation from Service for reasons other than death after a Participant has fulfilled the requirements for either a Normal, Early, Late, or Disability Retirement Pension under Article IV.

(jj) **Retirement Date**: The date immediately following the Participant's Retirement.

(kk) **Retirement Pension**: The Pension payable to a Participant upon Retirement under the Plan. The term "409A Retirement Pension" shall be used to refer to the portion of a Retirement Pension that is derived from the 409A Program. The term "Pre-409A Retirement Pension" shall be used to refer to the portion of a Retirement Pension that is derived from the Pre-409A Program.

(ll) **Salaried Plan:** The Yum! Brands Retirement Program for Salaried Employees, the program of retirement benefits set forth in Parts B and D of the Yum! Brands Retirement Plan, as it may be amended from time to time. Any reference herein to the Salaried Plan for a period that is on or after September 7, 1997 but before December 30, 1998, shall mean the Tricon Salaried Employees Retirement Plan, which was renamed the Tricon Retirement Plan from December 30, 1998 to September 1, 2004. Any reference herein to the Salaried Plan for a period that is before the September 7, 1997 shall mean the PepsiCo Salaried Employees Retirement Plan.

(mm) **Section 409A:** Section 409A of the Code.

(nn) **<u>Separation from Service</u>**: A Participant's separation from service with the Yum! Brands Organization, within the meaning of Section 409A(a)(2)(A)(i). The term may also be used as a verb (*i.e.*, "Separates from Service") with no change in meaning. Notwithstanding the preceding sentence, a Participant's transfer to an entity owned 20% or more by the Company will not constitute a Separation of Service to the extent permitted by Section 409A. A Participant's "Final Separation from Service" is the date of his Separation from Service that most recently precedes his Annuity Starting Date; provided, however, that to the extent a Participant is reemployed after an Annuity Starting Date, he will have a new Final Separation from Service with respect to any benefits to which he becomes entitled as a result of his reemployment. The following principles shall generally apply in determining when a Separation from Service occurs:

(1) A Participant separates from service with the Company if the Employee dies, retires, or otherwise has a termination of employment with the Company. Whether a termination of employment has occurred is determined based on whether the facts and circumstance indicate that the Company and the Employee reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Employee would perform after such date (as an employee or independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period in which the Employee provided services to the Company if the Employee has been providing services for less than 36 months).

(2) An Employee will not be deemed to have experienced a Separation from Service if such Employee is on military leave, sick leave, or other bona fide leave of absence, to the extent such leave does not exceed a period of six months or, if longer, such longer period of time during which a right to re-employment is protected by either statute or contract. If the period of leave exceeds six months and the individual does not retain a right to re-employment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence may be substituted for such six-month period.

(3) If an Employee provides services both an as employee and as a member of the Board of Directors of the Company, the services provided as a Director are generally not taken into account in determining whether the Employee has Separated from Service as an Employee for purposes of the Plan, in accordance with final regulations under Section 409A

(oo) **Service**: The period of a Participant's employment calculated in accordance with Section 3.2 for purposes of determining his entitlement to benefits under the Plan.

(pp) **Single Life Annuity:** A level monthly Annuity payable to a Participant for his life only, with no survivor benefits to his Eligible Spouse or any other person.

(qq) **Single Lump Sum**: The distribution of a Participant's total Pension in the form of a single payment, which payment shall be the Actuarial Equivalent of the Participant's 409A Pension as of the Participant's Normal Retirement Date (or Late Retirement Date, if applicable), but not less than the Actuarial Equivalent of the Participant's 409A Pension as of the Participant's Early Retirement Date, in the case of a Participant who is entitled to an immediate Early 409A Retirement Pension.

(rr) **Social Security Act:** The Social Security Act of the United States, as amended, an enactment providing governmental benefits in connection with events such as old age, death and disability. Any reference herein to the Social Security Act (or any of the benefits provided thereunder) shall be taken as a reference to any comparable governmental program of another country, as determined by the Plan Administrator, but only to the extent the Plan Administrator judges the computation of those benefits to be administratively feasible.

(ss) **Taxable Wage Base:** The contribution and benefit base (as determined under section 230 of the Social Security Act) in effect for the Plan Year.

(tt) **Vested Pension**: The Pension available to a Participant under Section 4.3. The term "409A Vested Pension" shall be used to refer to the portion of a Vested Pension that is derived from the 409A Program. The term "Pre-409A Vested Pension" shall be used to refer to the portion of a Vested Pension that is derived from the Pre-409A Program.

(uu) **Yum! Brands Organization:** The controlled group of organizations of which the Company is a part, as defined by Code section 414 and regulations issued thereunder. An entity shall be considered a member of the Yum! Brands Organization only during the period it is one of the group of organizations described in the preceding sentence.

2.2 Construction:

The terms of the Plan shall be construed in accordance with this section.

(a) Gender and Number: The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may include the plural, unless the context clearly indicates to the contrary.

(b) Compounds of the Word "Here": The words "hereof", "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or section.

(c) Examples: Whenever an example is provided or the text uses the term "including" followed by a specific item or items, or there is a passage having a similar effect, such passages of the Plan shall be construed as if the phrase "without limitation" followed such example or term (or otherwise applied to such passage in a manner that avoids limits on its breadth of application).

(d) Subdivisions of the Plan Document: This Plan document is divided and subdivided using the following progression: articles, sections, subsections, paragraphs, subparagraphs, clauses and sub-clauses. Articles are designated by capital roman numerals. Sections are designated by Arabic numerals containing a decimal point. Subsections are designated by lower-case letters in parentheses. Paragraphs are designated by Arabic numerals in parentheses. Subparagraphs are designated by lower-case roman numerals in parentheses. Clauses are designated by upper-case letters in parentheses. Sub-clauses are designated by upper-case roman numerals in parentheses. Any reference in a section to a subsection (with no accompanying section reference) shall be read as a reference to the subsection with the specified designation contained in that same section. A similar rule shall apply with respect to paragraph references within a subsection and subparagraph references within a paragraph.

ARTICLE III

PARTICIPATION AND SERVICE

3.1 Participation:

An Employee shall be a Participant in the Plan during the period:

(a) When he would be currently entitled to receive a Pension under the Plan if his employment terminated at such time, or

(b) When he would be so entitled but for the vesting requirement of Section 4.7.

It is expressly contemplated that an Employee, who is entitled to receive a Pension under the Plan as of a particular time, may subsequently cease to be entitled to receive a Pension under the Plan.

3.2 Service:

A Participant's entitlement to a Pension and to a Pre-Retirement Spouse's Pension for his Eligible Spouse shall be determined under Article IV based upon his period of Service. A Participant's period of Service shall be determined under Article III of the Salaried Plan. If a Participant’s period of Service (as so determined) would extend beyond the Participant’s Separation from Service date because of a leave of absence, the Plan Administrator may provide for determining the Participant’s 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such Service were taken into account under the Plan.

3.3 Credited Service:

The amount of a Participant's Pension and a Pre-Retirement Spouse's Pension shall be based upon the Participant's period of Credited Service, as determined under Article III of the Salaried Plan. If a Participant’s period of Credited Service (as so determined) would extend beyond the Participant's Separation from Service date because of a leave of absence, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such Service were taken into account under the Plan.

ARTICLE IV

REQUIREMENTS FOR BENEFITS

A Participant shall be eligible to receive a Pension and a surviving Eligible Spouse shall be eligible for certain survivor benefits as provided in this Article. The amount of any such Pension or survivor benefit shall be determined in accordance with Article V.

4.1 Normal 409A Retirement Pension:

A Participant shall be eligible for a Normal 409A Retirement Pension if he is employed in an eligible classification and Separates from Service after attaining Normal Retirement Age (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored).

4.2 Early 409A Retirement Pension:

A Participant shall be eligible for an Early 409A Retirement Pension if he is employed in an eligible classification and Separates from Service prior to attaining Normal Retirement Age but after attaining at least age 55 and completing 10 or more years of Elapsed Time Service (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored).

4.3 409A Vested Pension:

A Participant who is vested under Section 4.7 shall be eligible to receive a 409A Vested Pension if he is employed in an eligible classification under the Salaried Plan and Separates from Service before he is eligible for a Normal 409A Retirement Pension or an Early 409A Retirement Pension (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored). A Participant who terminates employment prior to satisfying the vesting requirement in Section 4.7 shall not be entitled to receive a Pension under this Plan.

4.4 Late 409A Retirement Pension:

A Participant who continues without a Separation from Service after his Normal Retirement Age shall not receive a Pension until his Late Retirement Date. Thereafter, a Participant shall be eligible for a Late Retirement Pension determined in accordance with Section 4.4 of the Salaried Plan (but without regard to any requirement for notice of suspension under ERISA section 203(a)(3)(B) or any adjustment as under Section 5.5(d) of the Salaried Plan).

4.5 409A Disability Pension:

A Participant shall be eligible for a 409A Disability Pension if he meets the requirements for a Disability Pension under the Salaried Plan. A Participant's 409A Disability Pension, if any, shall generally be comprised of two parts. The first part shall represent the benefits with respect to a disabled Participant's Credited Service through the day of the Participant's Separation from Service (*i.e.*, the Participant's "Pre-Separation Accruals"). In the event the disabled Participant continues to receive Credited Service related to the disability after such Separation from Service, the Participant's 409A Disability Pension shall have a second part, which shall represent all benefits accrued with respect to Credited Service from the date immediately following the Participant's Separation from Service until the earliest of the Participant's (i) attainment of age 65, (ii) benefit commencement date under the Salaried Plan or (iii) recovery from the disability (*i.e.*, the Participant's "Post-LTD Accruals").

4.6 Pre-Retirement Spouse's 409A Pension:

Any Pre-Retirement Spouse's 409A Pension is payable under this section only in the event the Participant dies prior to his Annuity Starting Date. Any Pre-Retirement Spouse's 409A

Pension payable on behalf of a Participant shall commence as of the first day of the month following the Participant’s death. and, subject to Section 4.9, shall be paid as either (a) a lump sum, if the Participant would have been entitled to a 409A Retirement Pension on the date of his death, or (b) a monthly annuity for the life of the Eligible Spouse, if the Participant would have been entitled to a 409A Vested Pension on the date of his death.

(a) Active, Disabled and Retired Employees: A Pre-Retirement Spouse's 409A Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to the special pre-retirement spouse's pension for survivors of active, disabled and retired employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.3 (with the 409A Pension, if any, determined after application of Section 5.6).

(b) Vested Employees: A Pre-Retirement Spouse's 409A Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to the pre-retirement spouse's pension for survivors of vested terminated Employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.3 (with the 409A Pension, if any determined after application of Section 5.6). If pursuant to this Section 4.6(b) a Participant has Pre-Retirement Spouse's coverage in effect for his Eligible Spouse, any Pension calculated for the Participant under Section 5.2(b) shall be reduced for each year such coverage is in effect by the applicable percentage set forth below (based on the Participant's age at the time the coverage is in effect) with a pro rata reduc-tion for any portion of a year. No reduction shall be made for coverage in effect within the 90-day period following a Participant's termination of employment.

Attained Age	Annual Charge
Up to 35	0.00 %
35 -- 39	0.075 %
40 -- 44	0.10 %
45 -- 49	0.175 %
50 -- 54	0.30 %
55 -- 59	0.50 %
60 -- 64	0.50 %

4.7 Vesting:

A Participant shall be fully vested in, and have a nonforfeitable right to, his Accrued Benefit at the time he becomes fully vested in his accrued benefit under the Salaried Plan.

4.8 Time of Payment:

The distribution of a Participant's 409A Pension shall commence as of the time specified in Section 6.1, subject to Section 6.6.

4.9 Cashout Distributions:

Notwithstanding the availability or applicability of a different form of payment under Article VI, the following rules shall apply in the case of certain small benefit Annuity payments:

(a) Distribution of Participant's 409A Pension: If at a Participant's Annuity Starting Date the Actuarial Equivalent lump sum value of the Participant's 409A Pension is equal to or less than Cashout Limit, the Plan Administrator shall distribute to the Participant such lump sum value of the Participant's 409A Pension. Notwithstanding the preceding sentence, for Annuity Starting Dates prior to December 1, 2012, a Participant shall be cashed out under this subsection if, at the Participant's Annuity Starting Date, the Actuarial Equivalent lump sum value of the Participant's PEP Pension is equal to or less than $15,500.

(b) Distribution of Pre-Retirement Spouse's 409A Pension Benefit: If at the time payments are to commence to an Eligible Spouse under Section 4.6, the Actuarial Equivalent lump sum value of the PEP Pre-Retirement Spouse's 409A Pension to be paid is equal to or less than the Cashout Limit, the Plan Administrator shall distribute to the Eligible Spouse such lump sum value of the PEP Pre-Retirement Spouse's 409A Pension. Notwithstanding the preceding sentence, for Annuity Starting Dates prior to December 1, 2012, an Eligible Spouse shall be cashed out under this subsection if the Actuarial Equivalent lump sum value of the Eligible Spouse’s PEP Pre-Retirement Spouse’s Pension is equal to or less than $15,500.

(c) Special Cashout of 409A Vested Pensions: In addition to the normal cashout rule in subsection (a) above, the Plan Administrator shall have discretion under this subsection to cash out a 409A Vested Pension in a single lump sum prior to the date that would apply under subsection (a).

(1) The Plan Administrator shall have discretion under this subsection to cash out in a single lump sum any 409A Vested Pension that, as of December 1, 2012 - (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal to or less than the Cashout Limit as of such date, and (iii) is practicable to calculate and distribute (as determined pursuant to the exercise of the Plan Administrator’s discretion), with such cashout being made on December 1, 2012.

(2) The Plan Administrator shall also have discretion under this subsection to cash out in a single lump sum any 409A Vested Pension that, as of the first of any month in 2013, 2014 or 2015 specified by the Plan Administrator

pursuant to the exercise of its discretion - (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal to or less than the Cashout Limit as of such date, and (iii) is practicable to calculate and distribute (as determined pursuant to the exercise of the Plan Administrator’s discretion), with such cashout being made on the first of the month specified.

Not later than November 30, the Plan Administrator shall memorialize in writing the exercise of its discretion under paragraph (1) above to select Vested Pensions for cashout on December 1, 2012, through the creation of a written list (as an exhibit to this Plan document or otherwise, including a list in electronic form) of Participants with 409A Vested Pensions who will be cashed out. In addition, not later than the day before the date specified pursuant to paragraph (2) above, the Plan Administrator shall memorialize in writing the exercise of its discretion under this subsection to select Vested Pensions for cashout on the specified date, through the creation of a written list (as an exhibit to this Plan document or otherwise, including a list in electronic form) of Participants with 409A Vested Pensions who will be cashed out. No Participant or Eligible Spouse shall be given a direct or indirect election with respect to whether a Vested Pension will be cashed out under this subsection (c).

Any lump sum distributed under this section shall be in lieu of the Pension that otherwise would be distributable to the Participant or Eligible Spouse (or both) hereunder. The cashout provisions described in subsections (a) through (c) above are intended to be “limited cashout” features within the meaning of Treasury Regulations § 1.409A-3(j)(4)(v), and they shall be interpreted and applied consistently with this. Accordingly, in determining if an applicable dollar limit is satisfied, a Participant's entire benefit under this Plan that is subject to Section 409A and all benefits subject to Section 409A under all nonaccount balance plans (within the meaning of Treasury Regulation § 1.409A-1(c)(2)(i)(C)) shall be taken into account (the "applicable benefit"), and a Participant's entire applicable benefit must be cashed out as of the time in question as a condition to any payout under this Section. In addition, a cashout under this Section shall not cause an applicable benefit to be paid out before completing any applicable six-month delay (see, *e.g.,* Section 6.6).

4.10 Reemployment of Certain Participants:

(a) Reemployment After Annuity Starting Date. In the case of a current or former Participant who is receiving his Pension as an Annuity under Section 6.1(b), and who is reemployed after his Annuity Starting Date, payment of this existing Pension will continue to be paid in the same form as it was paid prior to his reemployment.

(b) Reemployment Before Annuity Starting Date. If a Participant is reemployed before the Annuity Starting Date of his Pension related to his prior employment, such Pension shall be paid as follows:

(1) To the extent such Pension is a 409A Pension, the Participant's reemployment shall have no impact on the payment of such Pension, *i.e.*, such 409A Pension shall be paid as originally scheduled (determined based on his prior Separation from Service).

(2) To the extent such Pension is (or was) a Pre-409A Pension, the Participant is not a Continuing Grandfathered Participant, such Pension benefit shall be paid and administered as though it were subject to Article VI of this 409A

Program, with the payment schedule determined based on the Separation from Service that follows the Participant's reemployment.

(c) Benefit Enhancements During Period of Reemployment. In the case of a Participant who first becomes eligible for a Retirement Pension under the Salaried Program based upon his period of reemployment, the value of the enhancement in the Participant's Pension resulting from the availability of the Salaried Plan's more favorable early commencement reduction factors for Retirement Pensions shall be treated as a separate benefit under the 409A Program and shall be payable based on the Participant's Separation from Service that follows his reemployment.

Any additional benefit accrued by a Participant described in paragraph (1) or (2) above during his period of reemployment shall be an additional benefit under the 409A Program, and its payment schedule shall be determined based on the Separation from Service that follows his reemployment.

ARTICLE V

AMOUNT OF RETIREMENT PENSION

When a 409A Pension becomes payable to or on behalf of a Participant under this Plan, the amount of such 409A Pension shall be determined under Section 5.1, 5.2 or 5.3 (whichever is applicable), subject to any adjustments required under Sections 4.6(b), 5.4 and 5.5.

5.1 Participant's 409A Pension:

(a) Calculating the 409A Pension: A Participant's 409A Pension shall be calculated as follows (on the basis specified in subsection (b) below and using the definitions appearing in subsection (c) below):

(1) His Total Pension, reduced by

(2) His Salaried Plan Pension, and then, solely in the case of a Participant who is a Continuing Grandfathered Participant, further reduced by (but not below zero)

(3) His Pre-409A Pension.

5.2 PEP Guarantee:

A Participant who is eligible under subsection (a) below shall be entitled to a PEP Guarantee benefit determined under subsection (b) below. In the case of other Participants, the PEP Guarantee shall not apply.

(a) Eligibility: A Participant shall be covered by this section if the Participant has 1988 pensionable earnings from an Employer of at least $75,000. For purposes of this section, "1988 pensionable earnings" means the Participant's remuneration for the 1988 calendar year, which was recognized for benefit received under the Salaried Plan as in effect in 1988. “1988 pensionable earnings” does not include remuneration from an entity attributable to any period when that entity was not an Employer.

(b) PEP Guarantee Formula: The amount of a Participant's PEP Guarantee shall be determined under the applicable formula in paragraph (1), subject to the special rules in paragraph (2).

(1) Formulas: The amount of a Participant's Pension under this paragraph shall be determined in accordance with subparagraph (i) below. However, if the Participant was actively employed by the Yum! Brands Organization in a classification eligible for the Salaried Plan prior to July 1, 1975, the amount of his Pension under this paragraph shall be the greater of the amounts determined under subparagraphs (i) and (ii), provided that subparagraph (ii)(B) shall not apply in determining the amount of a Vested Pension.

(i) Formula A: The Pension amount under this subparagraph shall be:

(A) 3 percent of the Participant's Highest Average Monthly Earnings for the first 10 years of Credited Service, plus

(B) 1 percent of the Participant's Highest Average Monthly Earnings for each year of Credited Service in excess of 10 years, less

(C) 1-2/3 percent of the Participant's Primary Social Security Amount multiplied by years of Credited Service not in excess of 30 years.

In determining the amount of a Vested Pension under this Formula A, the Pension shall first be calculated on the basis of (I) the Credited Service the Participant would have earned had he remained in the employ of the Employer until his Normal Retirement Age, and (II) his Highest Average Monthly Earnings and Primary Social Security Amount at his Separation from Service, and then shall be reduced by multiplying the resulting amount by a fraction, the numerator of which is the Participant's actual years of Credited Service on his Separation from Service and the denominator of which is the years of Credited Service he would have earned had he remained in the employ of an Employer until his Normal Retirement Age.

(ii) Formula B: The Pension amount under this subparagraph shall be the greater of (A) or (B) below:

(A) 1-1/2 percent of Highest Average Monthly Earnings times the number of years of Credited Service, less 50 percent of the Participant's Primary Social Security Amount, or

(B) 3 percent of Highest Average Monthly Earnings times the number of years of Credited Service up to 15 years, less 50 percent of the Participant's Primary Social Security Amount.

In determining the amount of a Disability Pension under Formula A or B above, the Pension shall be calculated on the basis of the Participant's Credited Service (determined in accordance with Section 3.3(d)(3) of the Salaried Plan), and his

Highest Average Monthly Earnings and Primary Social Security Amount at the date of disability.

(2) Calculation: The amount of the PEP Guarantee shall be determined pursuant to paragraph (1) above, subject to the following special rules:

(i) Subsidized 50 Percent Joint and Survivor Annuity: Subject to subparagraph (iii) below and the last sentence of this subparagraph, if the Participant has commenced receipt of an Annuity under this section, the Participant's beneficiary shall be entitled to receive a survivor annuity equal to 50 percent of the Participant's Annuity under this section, with no corresponding reduction in such Annuity for the Participant. Annuity payments to a surviving beneficiary shall begin on the first day of the month coincident with or following the Participant's death and shall end with the last monthly payment due prior to the beneficiary's death. If the beneficiary is more than 10 years younger than the Participant, the survivor benefit payable under this subparagraph shall be adjusted as provided below.

(A) For each full year more than 10 but less than 21 that the surviving beneficiary is younger than the Participant, the survivor benefit payable to such beneficiary shall be reduced by 0.8 percent.

(B) For each full year more than 20 that the surviving beneficiary is younger than the Participant, the survivor benefit payable to such beneficiary shall be reduced by an additional 0.4 percent.

(ii) Reductions: The following reductions shall apply in determining a Participant's PEP Guarantee.

(A) If the Participant will receive an Early Retirement Pension, the payment amount shall be reduced by 3/12ths of 1 percent for each month by which the benefit commencement date precedes the date the Participant would attain his Normal Retirement Date.

(B) If the Participant is entitled to a Vested Pension, the payment amount shall be reduced to the actuarial equivalent of the amount payable at his Normal Retirement Date (if payment commences before such date), and the Section 4.6(b) reductions for any Pre-Retirement Spouse's coverage shall apply.

(C) This clause applies if the Participant will receive his Pension in a form that provides an Eligible Spouse benefit, continuing for the life of the surviving spouse, that is greater than that provided under subparagraph (i). In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the actuarial equivalent of the Pension otherwise payable under the foregoing provisions of this section.

(iii) Lump Sum Conversion: The amount of the Retirement Pension determined under this section for a Participant whose Retirement Pension will be distributed in the form of a lump sum shall be the actuarial equivalent of the Participant's PEP Guarantee determined under this section, taking into account the value of any survivor benefit under subparagraph (i) above and any early retirement reductions under subparagraph (ii)(A) above.

For purposes of this paragraph (2) (and other provisions of the 409A Program, to the extent deemed necessary by the Plan Administrator to effectuate the purposes of the PEP Guarantee), actuarial equivalence shall be determined taking into account - (i) the PEP Guarantee’s purpose to preserve substantially the value of a benefit under the pre-1989 terms of the Plan (including the subsidized survivor benefit that was available), and (ii) the 409A Program’s design that offers alternative annuities that are considered actuarial equivalent for purposes of Section 409A (including taking into account the special rule for subsidized joint and survivor annuities in Treasury Regulation § 1.409A-3(b)(ii)(C)).

For the avoidance of doubt, because the latter requires - (I) the single life annuity to be at least as great as a Participant’s lifetime annuity benefit under a subsidized joint and survivor annuity, thus the single life annuity payable to a Participant who is eligible for the PEP Guarantee shall not be less than required to meet this standard (as interpreted), with a corresponding impact on any available life and period certain annuities, and (II) the annuities available to an unmarried participant to be Section 409A actuarially equivalent to those that would be available if the Participant were married, thus the annuities available to an unmarried Participant shall not be less than required to meet this standard (as interpreted). The interpretations contemplated by the preceding sentence shall be made by the Plan Administrator, using such factors for actuarial equivalence as the Plan Administrator deems, from time to time and in its discretion, to be appropriate and compliant with Section 409A.

An Eligible Spouse's "Total Pre-Retirement Spouse's Pension" and "Salaried Plan Pre-Retirement Spouse's Pension" shall be determined without regard to Section 9.7(b) of the Salaried Plan (forfeiture of missing participant's benefit).

5.3 Amount of Pre-Retirement Spouse's 409A Pension:

The monthly amount of the Pre-Retirement Spouse's 409A Pension payable to a surviving Eligible Spouse under Section 4.6 shall be determined under subsection (a) below.

(a) Calculation: An Eligible Spouse's Pre-Retirement Spouse's 409A Pension shall be the difference between:

(1) The Eligible Spouse's Total Pre-Retirement Spouse's Pension, reduced by

(2) The Eligible Spouse's Salaried Plan Pre-Retirement Spouse's Pension, and then, solely in the case of an Eligible Spouse whose Annuity Starting Date is before March 1, 2010, or (ii) whose spouse was a Pre-2005 Participant, further reduced by (but not below zero)

(3) The Eligible Spouse's Pre-Retirement Spouse's Pension derived from the Pre-409A Program.

(b) Definitions: The following definitions apply for purposes of this section.

(1) An Eligible Spouse's "Total Pre-Retirement Spouse's Pension" means the greater of:

(i) The amount of the Eligible Spouse's pre-retirement spouse's pension determined under the terms of the Salaried Plan, but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the Salaried Plan), and (B) the actuarial adjustment under Section 5.5(d) of the Salaried Plan; or

(ii) The amount (if any) of the Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension determined under subsection (c).

In making this comparison, the benefits in subparagraphs (i) and (ii) above shall be calculated as if payable as of what would be the Normal Retirement Date of the Participant related to the Eligible Spouse.

(2) An "Eligible Spouse's Salaried Plan Pre-Retirement Spouse's Pension" means the Pre-Retirement Spouse's Pension that would be payable to the Eligible Spouse under the terms of the Salaried Plan.

(3) An "Eligible Spouse's Pre-Retirement Spouse's Pension derived from the Pre-409A Program" means the Pre-Retirement Spouse's Pension that would be payable to the Eligible Spouse under the terms of the Pre-409A Program.

(c) PEP Guarantee Pre-Retirement Spouse's Pension: An Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension shall be determined in accordance with paragraph (1) or (2) below, whichever is applicable, with reference to the PEP Guarantee (if any) that would have been available to the Participant under Section 5.2.

(1) Normal Rule: The Pre-Retirement Spouse's Pension payable under this paragraph shall be equal to the amount that would be payable as a survivor annuity, under a Qualified Joint and Survivor Annuity, if the Participant had:

(i) Separated from Service on the date of death (or, if earlier, his actual Separation from Service);

(ii) Commenced a Qualified Joint and Survivor Annuity on the same date payments of the Qualified Pre-Retirement Spouse's Pension are to commence; and

(iii) Died on the day immediately following such commencement.

(2) Special Rule for Active and Disabled Employees: Notwithstanding paragraph (1) above, the Pre-Retirement Spouse's Pension paid on behalf of a Participant described in Section 4.6(a) shall not be less than an amount equal to 25 percent of such Participant's PEP Guarantee (if any) determined under Section 5.2. For this purpose, Credited Service shall be determined as provided in Section 3.3(d)(2) of the Salaried Plan, and the deceased Participant's Highest Average Monthly Earnings, Primary Social Security Amount and Covered Compensation shall be determined as of his date of death. A Pre-Retirement Spouse's Pension under this paragraph is not reduced for early commencement.

Principles similar to those applicable under (i) Section 5.1(b), and (ii) the last sentence of Section 5.2(b)(2) shall apply in determining the Pre-Retirement Spouse's 409A Pension under this section.

5.4 Certain Adjustments:

Pensions determined under the foregoing sections of this Article are subject to adjustment as provided in this section. For purposes of this section, "specified plan" shall mean the Salaried Plan or a nonqualified pension plan similar to this Plan. A nonqualified pension plan is similar to this Plan if it is sponsored by a member of the Yum! Brands Organization and if its benefits are not based on participant pay deferrals (this category of similar plans includes the Yum! Brands, Inc. Pension Equalization Plan).

(a) Adjustments for Rehired Participants: This subsection shall apply to a current or former Participant who is reemployed after his Annuity Starting Date and whose benefit under the Salaried Plan is recalculated based on an additional period of Credited Service. In the event of any such recalculation, the Participant's PEP Pension shall also be recalculated hereunder to the maximum extent permissible under Section 409A. For this purpose and to the maximum extent permissible under Section 409A, the PEP Guarantee under Section 5.2 is adjusted for in-service distributions and prior distributions in the same manner as benefits are adjusted under the Salaried Plan, but by taking into account benefits under this Plan and any specified plans.

(b) Adjustment for Increased Pension Under Other Plans: If the benefit paid under a specified plan on behalf of a Participant is increased after PEP benefits on his behalf have been determined (whether the increase is by order of a court, by agreement of the plan administrator of the specified plan, or otherwise), then the PEP benefit for the

Participant shall be recalculated to the maximum extent permissible under Section 409A. If the recalculation identifies an overpayment hereunder, the Plan Administrator shall take such steps as it deems advisable to recover the overpayment. It is specifically intended that there shall be no duplication of payments under this Plan and any specified plans to the maximum extent permissible under Section 409A.

5.5 Excludable Employment:

An executive who has signed a written agreement with the Company pursuant to which the individual either (i) waives eligibility under the Plan (even if the individual otherwise meets the definition of Employee under the Plan), or (ii) agrees not to participate in the Plan, shall not thereafter become entitled to a benefit or to any increase in benefits in connection with such employment (whichever applies). Written agreements may be entered into either before or after the executive becomes eligible for or begins participation in the Plan, and such written agreement may take any form that is deemed effective by the Company. This Section 5.5 shall apply with respect to agreements that are entered into on or after January 1, 2009.

5.6 Pre-409A Pension:

A Participant's Pre-409A Pension is the portion of the Participant's Pension that is grandfathered under Treasury Regulation § 1.409A-6(a)(3)(i) and (iv). Principles similar to those applicable under (i) Section 5.1(b), and (ii) the last sentence of Section 5.2(b)(2) shall apply in determining the Pre-409A Pension under this section. A Participant shall have a Pre-409A Pension only if he is a Continuing Grandfathered Participant.

ARTICLE VI

DISTRIBUTION OF BENEFITS

The terms of this Article govern (i) the distribution of benefits to a Participant who becomes entitled to a 409A Pension, and (ii) the continuation of benefits (if any) to such Participant's beneficiary following the Participant's death. The distribution of a Pre-409A Pension is governed by the terms of the Pre-409A Program.

6.1 Form and Timing of Distributions:

Benefits under the 409A Program shall be distributed as follows:

(a) 409A Retirement Pension: The following rules govern the distribution of a Participant's 409A Retirement Pension:

(1) Generally: A Participant's 409A Retirement Pension shall be distributed as a Single Lump Sum on the first day of the month that is coincident with or next follows the Participant's Retirement Date, subject to paragraph (2) and Section 6.6 (delay for Key Employees).

(2) Prior Payment Election: Notwithstanding paragraph (1), a Participant who is entitled to a 409A Retirement Pension and who made an election (i) either (A) up to and including December 31, 2006, or (B) between January 1, 2008 and December 31, 2008 (inclusive), and (ii) at least six months prior to and in a calendar year prior to the Participant's Annuity Starting Date shall receive his benefit in accordance with such payment election. A payment election allowed a Participant to choose either (i) to receive a distribution of his benefit in an Annuity form, (ii) to commence distribution of his benefit at a time other than as provided in paragraph 6.1(a)(1), or both (i) and (ii). Except as

provided in Appendix A, a payment election made by a Participant who is only eligible to receive a Vested Pension on his Separation from Service shall be disregarded. Subject to Section 4.9 (cashouts), a Participant who has validly elected to receive an Annuity shall receive his benefit as a Qualified Joint and Survivor Annuity if he is married or as a Single Life Annuity if he is unmarried, unless he elects one of the optional forms of payment described in Section 6.2 in accordance with the election procedures in Section 6.3(a). A Participant shall be considered married if he is married on his Annuity Starting Date. To the extent a Participant's benefit commences later than it would under paragraph 6.1(a)(1) as a result of an election under this paragraph 6.1(a)(2), the Participant's benefit will be paid with interest equal to that specified in Section 6.6(c), which interest shall be paid at the time elected by the Participant under this paragraph 6.1(a)(2). A Participant's payment election under this paragraph shall apply to his entire Pension, including the portion that was administered according to the terms of the Pre-409A Program prior to March 1, 2010.

(b) 409A Vested Pension: Subject to Sections 4.9, Section 6.6 and subsection (c) below, a Participant's 409A Vested Pension shall be distributed in accordance with paragraph (1) or (2) below, unless, in the case of a married Participant (as determined under the standards in paragraph 6.1(a)(2), above), he elects one of the optional forms of payment distributions in Section 6.2 in accordance with the election procedures in Section 6.3(a):

(1) Separation Prior to Age 55: In the case of a Participant who Separates from Service with at least five years of Service prior to attaining age 55,

the Participant's 409A Vested Pension shall be distributed as an Annuity commencing on the first of the month that is coincident with or immediately follows the date he attains age 55, which shall be the Annuity Starting Date of his 409A Vested Pension. A distribution under this subsection shall be in the form of a Qualified Joint and Survivor Annuity if the Participant is married, or as a Single Life Annuity if he is not married. A Participant shall be considered married for purposes of this paragraph if he is married on the Annuity Starting Date of his 409A Vested Pension.

(2) Separation at Ages 55 Through 64: In the case of a Participant who Separates from Service with at least five years but less than ten years of Service and on or after attaining age 55 but prior to attaining age 65, the Participant's 409A Vested Pension shall be distributed as an Annuity (as provided in paragraph (1) above) commencing on the first of the month that follows his Separation from Service.

(c) Disability Pension: The portion of a Participant's 409A Disability Pension representing Pre-Separation Accruals shall be paid on the first day of the month following the later of (i) the Participant's attainment of age 55 and (ii) the Participant's Separation from Service. The portion of a Participant's 409A Disability Pension representing Pre-Separation Accruals shall be paid in the form otherwise applicable under Section 6.1(a). The portion of a Participant's 409A Disability Pension representing Post-LTD Accruals shall be paid on the first day of the month following the Participant's attainment of age 65 in a lump sum.

(d) Special Rule for Benefits Accrued After Services Fall Below 20 Percent. If a Participant's Separation from Service is the result of a decrease in his level of bona fide services to the Company (as an employee or independent contractor) to less than 20 percent of his average level of bona fide services performed over the immediately preceding 36-month period (or the full period in which the Participant provided services to the Company if the Participant has been providing services for less than 36 months) then all benefits accrued in a calendar year by the Participant under the Plan following his Separation from Service that relate to such reduced level of services shall be paid to the Participant in a single lump sum during the first 15 days of March of the calendar year following each calendar year during which such benefits were accrued. This subsection (d) is effective for benefits accrued on or after January 1, 2012.

6.2 Available Forms of Payment:

This section sets for the payment options available to a Participant who is entitled to a Retirement Pension under paragraph 6.1(a)(2) above or a Vested Pension under subsection 6.1(b) above.

(a) Basic Forms: A Participant who is entitled to a Retirement Pension may choose one of the following optional forms of payment by making a valid election in accordance with the election procedures in Section 6.3(a). A Participant who is entitled to a Vested Pension and who is married on his Annuity Starting Date may choose one of the optional forms of payment available under paragraphs (1), 2(ii) or 2(iii) below with his Eligible Spouse as his beneficiary (and no other optional form of payment available under this subsection (a) shall be permitted to such a Participant). A Participant who is entitled to a Vested Pension and who is not married on his Annuity Starting Date shall receive a Single Life Annuity. Each optional annuity is the actuarial equivalent of the Single Life Annuity:

(1) Single Life Annuity Option: A Participant may receive his 409A Pension in the form of a Single Life Annuity, which provides monthly payments ending with the last payment due prior to his death.

(2) Survivor Options: A Participant may receive his 409A Pension in accordance with one of the following survivor options:

(i) 100 Percent Survivor Option: The Participant shall receive a reduced 409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the same reduced amount shall continue after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(ii) 75 Percent Survivor Option: The Participant shall receive a reduced Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 75 percent of such reduced Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(iii) 50 Percent Survivor Option: The Participant shall receive a reduced 409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 50 percent of such reduced 409A Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death. A 50 percent survivor option under this paragraph shall be a Qualified Joint and Survivor Annuity if the Participant's beneficiary is his Eligible Spouse.

(iv) Ten Years Certain and Life Option: The Participant shall receive a reduced 409A Pension which shall be payable monthly for his lifetime but for not less than 120 months. If the retired Participant dies before 120 payments have been made, the monthly 409A Pension amount shall be paid for the remainder of the 120 month period to the Participant's primary beneficiary (or if the primary beneficiary has predeceased the Participant, the Participant's contingent beneficiary).

For purposes of this subsection (a) (and other provisions of the 409A Program, to the extent deemed necessary by the Plan Administrator to comply with Section 409A), actuarial equivalence shall be determined in accordance with the principles of Section 409A, including as set forth in the last paragraph of Section 5.2 (regarding the determination of Section 409A actuarially equivalent annuities for Participants who are eligible for the PEP Guarantee).

(b) Inflation Protection: The following levels of inflation protection may be provided to any Participant who elects to receive all or a part of his 409A Retirement Pension as an Annuity:

(1) 5 Percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 5 percent. The amount of the increase shall be the difference between inflation in the prior year and 5 percent.

(2) 7 Percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 7 percent. The amount of the increase shall be the difference between inflation in the prior year and 7 percent.

Benefits shall be subject to increase in accordance with this subsection each January 1, beginning with the second January 1 following the Participant's Annuity Starting Date. The amount of inflation in the prior year shall be determined based on inflation in the 12-month period ending on September 30 of such year, with inflation measured in the same manner as applies on the Effective Date for adjusting Social Security benefits for changes in the cost of living. Inflation protection that is in effect shall carry over to any survivor benefit payable on behalf of a Participant, and shall increase the otherwise applicable survivor benefit as provided above. Any election by a Participant to receive inflation protection shall be irrevocable by such Participant or his surviving beneficiary.

6.3 Procedures for Elections:

This section sets forth the procedures for making Annuity Starting Date elections (*i.e.*, elections under Section 6.2). Subsection (a) sets forth the procedures for making a valid election of an optional form of payment under Section 6.2 and subsection (b) includes special rules for Participants with multiple Annuity Starting Dates. An election under this Article VI shall be treated as received on a particular day if it is: (i) postmarked that day, or (ii) actually received by the Plan Administrator on that day. Receipt under (ii) must occur by the close of business on the date in question, which time is to be determined by the Plan Administrator. Spousal consent is not required for an election to be valid.

(a) Election of an Optional Form of Payment: To be valid, an election of an optional form of Annuity under Section 6.2, for (i) a Participant’s 409A Retirement Pension (if a proper election was made under paragraph 6.1(a)(2)) or (ii) a Participant’s 409A Vested Terminated Pension, must be in writing, signed by the Participant, and received by the Plan Administrator at least one day prior to the Annuity Starting Date that applies to the Participant’s Pension in accordance with Section 6.1. In addition, an election under this subsection must specify one of the optional forms of payment available under Section 6.2 and a beneficiary, if applicable, in accordance with Section 6.5 below. To the extent permitted by the Plan Administrator, an election made through electronic media shall be considered to satisfy the requirement for a written election, and an electronic affirmation of such an election shall be considered to satisfy the requirement for a signed election.

(b) Multiple Annuity Starting Dates: When amounts become payable to a Participant in accordance with Article IV, they shall be payable as of the Participant's Annuity Starting Date and the election procedures (in this section and Sections 6.1 and 6.5) shall apply to all of the Participant's unpaid accruals as of such Annuity Starting Date, with the following exception. In the case of a Participant who is rehired after his initial Annuity Starting Date and who (i) is currently receiving an Annuity that remained in pay status upon rehire, or (ii) was previously paid a lump sum distribution (other than a cashout distribution described in Section 4.9(a)), the Participant's subsequent Annuity

Starting Date (as a result of his subsequent Separation from Service), and the election procedures at such subsequent Annuity Starting Date, shall apply only to the portion of his benefit that accrues after his rehire. Any prior accruals that remain to be paid as of the Participant's subsequent Annuity Starting Date shall continue to be payable in accordance with the elections made at his initial Annuity Starting Date.

6.4 Determination of Marital Status: In any case in which the form of payment of a Participant's 409A Pension is determined by his marital status on his Annuity Starting Date, the Plan Administrator shall assume the Participant is unmarried on his Annuity Starting Date unless the Participant provides notice to the Plan prior to his Annuity Starting Date, which is deemed sufficient and satisfactory by the Plan Administrator, that he is married. The Participant shall give such notification to the Plan Administrator when he makes the election described in subsection (a) above or in accordance with such other procedures that are established by the Plan Administrator for this purpose (if any). Notwithstanding the two prior sentences, the Plan Administrator may adopt rules that provide for a different outcome than specified above. Special Rules for Survivor Options:

The following special rules shall apply for the survivor options available under Section 6.2 above.

(a) Effect of Certain Deaths: If a Participant makes an election under Section 6.3(a) to receive his 409A Retirement Pension in the form of an optional Annuity that includes a benefit for a surviving beneficiary under Section 6.2 and the Participant or his beneficiary (beneficiaries in the case of the option form of payment in Section 6.2(a)(2)(iv)) dies prior to the Annuity Starting Date of such Annuity, the election shall be disregarded. If the Participant dies after this Annuity Starting Date but before his

409A Retirement Pension actually commences, the election shall be given effect and the amount payable to his surviving Eligible Spouse or other beneficiary shall commence on the first day of the month following his death (any back payments due the Participant shall be payable to his estate). In the case of a Participant who has elected the form of payment described in Section 6.2(a)(2)(iv), if such Participant (i) dies after his Annuity Starting Date, (ii) without a surviving primary or contingent benefi-ciary, and (iii) before receiving 120 payments under the form of payment, then the remaining payments due under such form of payment shall be paid to the Participant's estate. If payments have commenced under such form of payment to a Participant's primary or contingent beneficiary and such beneficiary dies before payments are completed, then the remaining payments due under such form of payment shall be paid to such beneficiary's estate.

(b) Non-spouse Beneficiaries: If a Participant's beneficiary is not his Eligible Spouse, he may not elect:

(1) The 100 percent survivor option described in Section 6.2(a)(2)(i) if his non-spouse beneficiary is more than 10 years younger than he is, or

(2) The 75 percent survivor option described in Section 6.2(a)(2)(ii) if his non-spouse beneficiary is more than 19 years younger than he is.

6.5 Designation of Beneficiary:

A Participant who has elected under Section 6.2 to receive all or part of his Retirement Pension in a form of payment that includes a survivor option shall designate a beneficiary who will be entitled to any amounts payable on his death. Such designation shall be made on the election form used to choose such optional form of payment or an approved election form filed under the Salaried Plan, whichever is applicable. In the case of the survivor option described in

Section 6.2(a)(2)(iv), the Participant shall be entitled to name both a primary beneficiary and a contingent beneficiary. A Participant (whether active or former) shall have the right to change or revoke his beneficiary designation at any time prior to his Annuity Starting Date. The designation of any beneficiary, and any change or revocation thereof, shall be made in accordance with rules adopted by the Plan Admin-istrator. A beneficiary designation shall not be effective unless and until filed with the Plan Administrator (or for periods before the Effective Date, the Plan Administrator under the Prior Plan). If no beneficiary is properly designated and a Participant elects a survivor's option described in Section 6.2(a)(2), the Participant's beneficiary shall be his Eligible Spouse. A Participant entitled to a Vested Pension does not have the right or ability to name a beneficiary; if the Participant is permitted under Section 6.2 to elect an optional form of payment, then his beneficiary shall be his Eligible Spouse on his Annuity Starting Date.

6.6 Required Delay for Key Employees:

Notwithstanding Section 6.1 above, if a Participant is classified as a Key Employee upon his Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then distributions to the Participant shall commence as follows:

(a) Distribution of a Retirement Pension: In the case of a Key Employee Participant who is entitled to a 409A Retirement Pension, distributions shall commence on the earliest first of the month that is at least six months after the date the Participant Separates from Service (or, if earlier, the Participant's death). For periods before 2009, commencement of distributions, however, shall not be delayed under the preceding sentence if the Participant's 409A Retirement Pension was required to commence at the same time and in the same form as his pension under the Salaried Plan in accordance with subsection A.3(b) of Article A of the Appendix.

(b) Distribution of a Vested Pension. In the case of a Participant who is entitled to a 409A Vested Pension, distributions shall commence as provided in Section 6.1(b), or if later, on the earliest first of the month that is at least six months after the Participant’s Separation from Service (or, if earlier, the Participant’s death). For periods before 2009, commencement of distributions, however, shall not be delayed under the preceding sentence if the Participant’s 409A Vested Pension was required to commence at the same time and in the same form as his pension under the Salaried Plan in accordance with subsection A.3(b) of Article A of the Appendix.

(c) Interest Paid for Delay. Any payments to the Participant that are delayed in accordance with the provisions of this Section 6.6 shall be accumulated and paid as a lump sum payment, with interest equal to the rate selected from time to time by the Plan Administrator (“Specified Rate”), on the date payment occurs in accordance with subsection (a) or (b) above, whichever is applicable. If a Participant’s beneficiary or estate is paid under subsection (a) or (b) above as a result of his death, then any payments that would have been made to the Participant and that were delayed in accordance with the provisions of this Section 6.6 shall be paid as otherwise provided in the Plan, with interest equal to the Specified Rate paid from the date the Participant would have commenced his 409A Pension absent the application of this Section 6.6 until the date of actual payment of such amounts to the Participant's beneficiary or estate.

6.7 Payment of FICA and Related Income Taxes:

As provided in subsections (a) through (c) below, a portion of a Participant’s 409A Pension shall be paid as a single lump sum and remitted directly to the Internal Revenue Service (“IRS”) in satisfaction of the Participant’s FICA Amount and the related withholding of income tax at source on wages (imposed under Code Section 3401 or the corresponding withholding provisions of the applicable state, local or foreign tax laws as a result of the payment of the FICA Amount) and the additional withholding of income tax at source on wages that is attributable to the pyramiding of wages and taxes.

(a) Timing of Payment: As of the date that the Participant's FICA Amount and related income tax withholding are due to be deposited with the IRS, a lump sum payment equal to the Participant's FICA Amount and any related income tax withholding shall be paid from the Participant's 409A Pension and remitted to the IRS (or other applicable tax authority) in satisfaction of such FICA Amount and income tax withholding related to such FICA Amount. The classification of a Participant as a Key Employee (as defined in Section 2.1(r)) shall have no effect on the timing of the lump sum payment under this subsection (a).

(b) Reduction of 409A Pension. To reflect the payment of a Participant's FICA Amount and any related income tax liability, the Participant's 409A Pension shall be reduced, effective as of the date for payment of the lump sum in accordance with subsection (a) above, with such reduction being the Actuarial Equivalent of the lump sum payment used to satisfy the Participant's FICA Amount and related income tax withholding. It is expressly contemplated that this reduction may occur effective as of a date that is after the date payment of a Participant's 409A Pension commences.

(c) No Effect on Commencement of 409A Pension. The Participant's 409A Pension shall commence in accordance with the terms of this Plan. The lump sum payment to satisfy the Participant's FICA Amount and related income tax withholding shall not affect the time of payment of the Participant's actuarially reduced 409A

Pension, including not affecting any required delay in payment to a Participant who is classified as a Key Employee.

6.8 Correction of Payments Affected by Other Nonqualified Plans.

Effective January 1, 2009, this Section 6.8 shall apply notwithstanding the provisions of the Plan (other than Sections 6.6, 6.7, 9.3 and 9.4) that would otherwise determine the time and form of payment. To the extent that any amount deferred under the Plan for a Participant is or could be determined by, or the time or form of payment is or could be affected by, the amount deferred under, or the payment provisions of, one or more other nonqualified deferred compensation plans (each an "Offset Plan"), the time and form of payments under this Plan and any Offset Plan shall be identical.

(1) If there is any potential for the time and form of payments under this Plan and any Offset Plan not being identical, then the following shall apply. Any permissible payment event under Section 409A that is a payment event under any of these plans shall be an applicable payment event under all such plans. If the plans contain the same permissible payment event under Section 409A, but the payment event is defined differently under at least one of the plans, the payment event shall be defined for all plans using the narrowest of the applicable definitions (meaning the definition resulting in the smallest scope of events that would constitute payment events). If the plans contain the same permissible payment event under Section 409A, but the schedule of payments following the payment event is different under at least one of the plans, the schedule of payments under all plans shall be the payment schedule resulting in, or potentially resulting in, the latest final payment date, and if the payment schedules result in,

or potentially result in, the same latest final payment date, the payment schedule commencing, or potentially commencing, at the latest possible date, and if those dates are the same, the payment schedule generally resulting in the amount deferred being paid at the latest dates.

(2) For purposes of apply the second sentence of this Section, the determination of which other plans "could" affect this Plan (thus causing the other plans to be Offset Plans) shall be sufficiently encompassing to satisfy Section 409A (without being more encompassing than necessary to satisfy Section 409A). In addition, the provisions of this Section 6.8 shall apply under any Offset Plan, effective January 1, 2009, notwithstanding any contrary provisions in such Offset Plan. This Section 6.8 shall at all times be interpreted to comply with IRS Notice 2010-6, § XI, as modified and supplemented by subsequent IRS guidance.

ARTICLE VII
ADMINISTRATION

7.1 Authority to Administer Plan:

The Plan shall be administered by the Plan Administrator, which shall have the authority to interpret the Plan and issue such regulations as it deems appropriate. The Plan Administrator shall maintain Plan records and make benefit calculations, and may rely upon information furnished it by the Participant in writing, including the Participant's current mailing address, age and marital status. The Plan Administrator's interpretations, determinations, regulations and calculations shall be final and binding on all persons and parties concerned. The Company, in its capacity as Plan Administrator or in any other capacity, shall not be a fiduciary of the Plan for purposes of ERISA, and any restrictions that apply to a party in interest under section 406 of ERISA shall not apply to the Company or otherwise under the Plan.

7.2 Facility of Payment:

Whenever, in the Plan Administrator's opinion, a person entitled to receive any payment of a benefit or installment thereof hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Plan Administrator may make payments to such person or to the legal representative of such person for his benefit, or the Plan Administrator may apply the payment for the benefit of such person in such manner as it considers advisable. Any payment of a benefit or installment thereof in accordance with the provisions of this section shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

7.3 Claims Procedure:

Any Participant or beneficiary may file a claim, if he/she believes that he/she has not received his/her full benefits from this Plan. If an assertion of any right to a benefit by or on behalf of a Participant or beneficiary (a "claimant") is wholly or partially denied, the Plan Administrator, or a party designated by the Plan Administrator, will provide such claimant within the 90-day period following the receipt of the claim by the Plan Administrator, a comprehensible written notice setting forth:

(a) The specific reason or reasons for such denial;

(b) Specific reference to pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to submit to perfect the claim and an explanation of why such material or information is necessary; and

(d) A description of the Plan's claim review procedure (including the time limits applicable to such process and a statement of the claimant's right to bring a civil action under ERISA following a further denial on review).

If the Plan Administrator determines that special circumstances require an extension of time for processing the claim it may extend the response period from 90 to 180 days. If this occurs, the Plan Administrator will notify the claimant before the end of the initial 90-day period, indicating the special circumstances requiring the extension and the date by which the Plan Committee expects to make the final decision. The claim review procedure is available upon written request by the claimant to the Plan Administrator, or the designated party, within 60 days after receipt by the claimant of written notice of the denial of the claim. Upon review, the Plan Administrator shall provide the claimant a full and fair review of the claim, including the opportunity to submit to the Plan Administrator comments, document, records and other information relevant to the claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision on review will be made within 60 days after receipt of the request for review, unless circumstances warrant an extension of time not to exceed an additional 60 days. If this occurs, notice of the extension will be furnished to the claimant before the end of the initial 60-day period, indicating the special circumstances requiring the extension and the date by which the Plan Administrator expects to make the final decision. The final decision shall be in writing and drafted in a manner calculated to be understood by the claimant; include specific reasons for the decision with references to the specific Plan provisions on which the decision is based; and provide that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim for benefits. Any notice or other notification that is required to be sent to a claimant under this section may be sent pursuant to any method approved under Department of Labor Regulation Section 2520.104b-1 or other applicable guidance.

7.4 Plan Administrator Discretion:

The Plan Administrator has the exclusive and discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits, to determine the amount and manner of payment of such benefits and to make any determinations that are contemplated by (or permissible under) the terms of this Plan, and its decisions on such matters shall be final and conclusive on all parties. Any such decision or determination shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (1) such discretion is not expressly granted by the Plan provisions in question, or (2) a determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or call for a determination. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the applicant is entitled to them. In the event of a review by a court, arbitrator or any other tribunal, any exercise of the Plan Administrator's discretionary authority shall not be disturbed unless it is clearly shown to be arbitrary and capricious.

ARTICLE VIII

MISCELLANEOUS

8.1 Nonguarantee of Employment:

Nothing contained in this Plan shall be construed as a contract of employment between an Employer and any Employee, or as a right of any Employee to be continued in the employment of an Employer, or as a limitation of the right of an Employer to discharge any of its Employees, with or without cause.

8.2 Nonalienation of Benefits:

Benefits payable under the Plan or the right to receive future benefits under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encum-brance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, including any assignment or alienation in connection with a divorce, separation, child support or similar arrangement, shall be null and void and not binding on the Company. The Company shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engage-ments or torts of any person entitled to benefits hereunder.

8.3 Unfunded Plan:

The Company's obligations under the Plan shall not be funded, but shall constitute liabilities by the Company payable when due out of the Company's general funds. To the extent the Participant or any other person acquires a right to receive benefits under this Plan, such right shall be no greater than the rights of any unsecured general creditor of the Company.

8.4 Action by the Company:

Any action by the Company under this Plan may be made by the Board of Directors of the Company or by the Compensation Committee of the Board of Directors, with a report of any actions taken by it to the Board of Directors. In addition, such action may be made by any other person or persons duly authorized by resolution of said Board to take such action.

8.5 Indemnification:

Unless the Board of Directors of the Company shall determine otherwise, the Company shall indemnify, to the full extent permitted by law, any employee acting in good faith within the scope of his employment in carrying out the administration of the Plan.

8.6 Compliance with Section 409A:

(a) General: It is the intention of the Company that the Plan shall be construed in accordance with the applicable requirements of Section 409A. Further, in the event that the Plan shall be deemed not to comply with Section 409A, then neither the Company, the Board of Directors, the Plan Administrator nor its or their designees or agents shall be liable to any Participant or other person for actions, decisions or determinations made in good faith.

(b) Non-duplication of benefits: In the interest of clarity, and to determine benefits in compliance with the requirements of Section 409A, provisions have been included in this 409A Document describing the calculation of benefits under certain specific circumstances, for example, provisions relating to the inclusion of salary continuation during certain window severance programs in the calculation of Highest Average Monthly Earnings, as specified in Appendix D. Notwithstanding this or any similar provision, no duplication of benefits may at any time occur under the Plan.

Therefore, to the extent that a specific provision of the Plan provides for recognizing a benefit determining element (such as pensionable earnings or service) and this same element is or could be recognized in some other way under the Plan, the specific provision of the Plan shall govern and there shall be absolutely no duplicate recognition of such element under any other provision of the Plan, or pursuant to the Plan's integration with the Salaried Plan. This provision shall govern over any contrary provision of the Plan that might be interpreted to support duplication of benefits.

8.7 Section 457A.

To avoid the application of Code section 457A ("Section 457A") to a Participant's Pension, the following shall apply to a Participant who transfers (or is otherwise assigned) to a work location outside of the United States to provide services to a member of the Yum! Brands Organization that is neither a United States corporation nor a pass-through entity that is wholly owned by a United States corporation ("Covered Transfer"):

(a) From and after the Covered Transfer, any benefit accruals or other increases or enhancements to the Participant's Pension relating to benefit determining factors recognized under the Plan, including -

(1) Service,

(2) Earnings that would be considered in determining Highest Average Monthly Earnings, or

(3) The attainment of a specified age while in the employment of the Yum! Brands Organization ("age attainment"),

(collectively, "Benefit Enhancements") will not be credited to the Participant until the last day of the Plan Year in which the Participant renders the Service or has the earnings, age attainment or the occurrence of the other benefit determining factor that results in such Benefit Enhancement, and then only to the extent permissible under subsection (b) below at that time; and

(b) The Participant shall have no legal right to (and the Participant shall not receive) any Benefit Enhancement that relates to Service, earnings, age attainment or another benefit determining factor from and after the Covered Transfer to the extent such Benefit Enhancement would constitute compensation that is includable in income under Section 457A.

Notwithstanding the foregoing, subsections (a) and (b) above shall not apply to a Participant who has a Covered Transfer if, prior to the Covered Transfer, the Company provides a written communication (either to the Participant individually, to a group of similar Participants, to Participants generally, or in any other way that causes the communication to clearly apply to the Participant - *i.e.,* an "applicable communication") that these subsections do not apply to the Covered Transfer in question, but only during the period that the applicable communication remains in effect (and any such applicable communication shall at all times remain revocable for purposes of the Plan). In addition, subsections (a) and (b) shall not apply to a Participant who has a Covered Transfer if the Company determines that all the Benefit Enhancements earned by the Participant during the Covered Transfer should not constitute compensation that is includable in income under Section 457A, but there shall be no legally binding right to any such Benefit Enhancement until the Company makes a specific determination that the Participant has a right to the Benefit Enhancement that Company intends to be a final and binding right. Subsections (a) and (b) shall cease to apply as of the earlier of - (i) the date the Participant returns to service for a member of the Yum! Brands Organization that is a United States corporation or a pass-through entity that is wholly owned by a United States corporation, or (ii) the effective date for such cessation that is stated in an applicable communication (after giving effect to any delay in such cessation that is applied by the Company).

Notwithstanding any other provisions herein regarding the time and form of payment of amounts deferred hereunder ("Deferrals"), to the extent Deferrals are required to be included in income under Code section 457A, the distribution of any Deferral shall be accelerated as permitted by - (i) IRS Notice 2009-8, Q&A 25, in the case of Deferrals relating to services performed before January 1, 2009, and (ii) IRS Notice 2009-8, Q&A 26, in the case of Deferrals relating to services performed after December 31, 2008. For purposes of clause (i) of the preceding sentence, such acceleration shall be to the time that the Deferral becomes taxable pursuant to Public Law 110-343, Division C, Section 801(d)(2) (which is as of the later of the time specified in clause (A) or (B) of Section 801(d)(2)).

8.8 Misconduct.

This Section applies to the portion of a Participant's benefit under the Plan that accrues on and after July 1, 2009 ("Post-6/30/09 Benefit").

(a) Benefits Not Yet Paid. In the event the Company determines that the Participant has engaged in General Misconduct or Financial Misconduct (as each is defined in (d) below), the Company shall terminate the Participant's participation in the Plan, and the Participant shall forfeit 100% his Post-6/30/09 Benefit (and all related rights) that has not been distributed to him as of the time the Company determines the Participant has engaged in General Misconduct or Financial Restatement Misconduct.

(b) Benefits Already Paid. If there is a restatement of the Company's financial statements that is completely or partially caused by a Participant's Financial

Restatement Misconduct (as defined in subsection (d) below), then the Participant shall be required to repay to the Company any distributed portion of his Post-6/30/09 Benefit; provided, however, that such repayment shall be required only if both of the following apply:

(1) The Company notifies the Participant of his repayment obligation no later than one year after the restated financial statements are issued; and

(2) The Company reasonably determines that the Participant both (A) knew or should have known of the inaccuracy of the financial statements that were restated, and (B) knew or should have known that the inaccuracy was caused by his Financial Restatement Misconduct.

In the event of any such repayment, the Participant (regardless of whether then employed) shall pay to the Company the amount of his Post-6/30/09 Benefit that was previously distributed to him (as determined by the Company), in such manner and on such terms and conditions as may be required by the Company; provided that the Company shall be entitled to set-off against the amount of any such repayment any amount owed to the Participant by the Company.

(c) Reduction in Amount Forfeited or Repaid. The Company may reduce the amount of the Post-6/30/09 Benefit to be forfeited by the Participant or repaid to the Company under this Section based on such factors as the Company determines to be relevant.

(d) Definitions. The following definitions shall apply for purposes of this Section:

(1) "General Misconduct" means (i) using for profit or disclosing to unauthorized persons confidential information or trade secrets of the Company; (ii) breaching any contract with or violating any fiduciary obligation to the Company; or (iii) engaging in any conduct that is injurious to the Company, including, without limitation, diverting employees of the Company to leave the Company without the Company's prior consent.

(2) "Financial Restatement Misconduct" means fraudulent or illegal conduct or omission that is knowing or intentional. For this purpose, no conduct or omission shall be deemed "knowing" by a Participant unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company.

8.9 Missing Participants of Beneficiaries:

Each Participant and each designated beneficiary must notify the Plan Administrator in writing as to his current mailing address and of any changes to such address in a timely manner. Any communication, statement or notice addressed to the Participant or beneficiary will be binding on a Participant and his beneficiary for all purposes of the Plan if it is mailed to the Participant or beneficiary at such address, or if no such address has been provided to the Plan Administrator, then at the last address shown on the Employer's records.

ARTICLE IX

AMENDMENT AND TERMINATION

This Article governs the Company's right to amend and or terminate the Plan. The Company's amendment and termination powers under this Article shall be subject, in all cases, to the restrictions on amendment and termination in Section 409A and shall be exercised in accordance with such restrictions to ensure continued compliance with Section 409A.

9.1 Continuation of the Plan:

While the Company and the Employers intend to con-tinue the Plan indefinitely, they assume no contractual obligation as to its continuance. In accordance with Section 8.4, the Company hereby reserves the right, in its sole discretion, to amend, terminate, or partially terminate the Plan at any time provided, however, that no such amendment or termination shall adversely affect the amount of benefit to which a Participant or his beneficiary is already entitled under Article IV on the date of such amendment or termination, unless the Participant becomes entitled to an amount of equivalent value to such benefit under another plan or practice adopted by the Company (using such actuarial assumptions as the Company may apply in its discretion, and except as necessary to comply with Section 409A). Specific forms of payment are not protected under the preceding sentence.

9.2 Amendments:

The Company may, in its sole discretion, make any amendment or amendments to this Plan from time to time, with or without retroactive effect, including any amendment necessary to ensure continued compliance with Section 409A. An Employer (other than the Company) shall not have the right to amend the Plan.

9.3 Termination:

The Company may terminate the Plan, either as to its participation or as to the participation of one or more Employers. If the Plan is terminated with respect to fewer than all of the Employers, the Plan shall continue in effect for the benefit of the Employees of the remaining Employers. Upon termination, the distribution of Participants' 409A Pensions shall be subject to restrictions applicable under Section 409A.

9.4 Change in Control:

The Company intends to have the maximum discretionary authority to terminate the Plan and make distributions in connection with a Change in Control (defined as provided in Section 409A), and the maximum flexibility with respect to how and to what extent to carry this out following a Change in Control as is permissible under Section 409A. The previous sentence contains the exclusive terms under which a distribution shall be made in connection with any Change in Control in the case of benefits that are derived from this 409A Program.

ARTICLE X

ERISA PLAN STRUCTURE

This Plan document in conjunction with the plan document(s) for the Pre-409A Program encompasses three separate plans within the meaning of ERISA, as are set forth in subsections (a), (b) and (c).

(a) Excess Benefit Plan: An excess benefit plan within the meaning of section 3(36) of ERISA, maintained solely for the purpose of providing benefits for Salaried Plan participants in excess of the limitations on benefits imposed by section 415 of the Code.

(b) Excess Compensation High Hat Plan: A plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. This plan provides benefits for Salaried Plan participants in excess of the limitations imposed by section 401(a)(17) of the Code on benefits under the Salaried Plan (after taking into account any benefits under the Excess Benefit Plan). For ERISA reporting purposes, this portion of PEP may be referred to as the Yum! Brands Pension Equalization Plan I.

(c) Preservation Top Hat Plan: A plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. This plan preserves benefits for those Salaried Plan participants described in section 5.2(a) hereof, by preserving for them the pre-1989 level of benefit accrual that was in effect before January 1, 1989 (after taking into account any benefits under the Excess Benefit Plan and Excess Compensation Top Hat Plan). For ERISA reporting purposes, this portion of PEP shall be referred to as the Tricon Pension Equalization Plan II.

Benefits under this Plan shall be allocated first to the Excess Benefit Plan, to the extent of benefits paid for the purpose indicated in (a) above; then any remaining benefits shall be allocated to the Excess Compensation Top Hat Plan, to the extent of benefits paid for the purpose indicated in (b) above; then any remaining benefits shall be allocated to the Preservation Top Hat plan. These three plans are severable for any and all purposes as directed by the Company.

ARTICLE XI

APPLICABLE LAW

All questions pertaining to the construction, validity and effect of the Plan shall be determined in accordance with the provisions of ERISA. In the event ERISA is not applicable or does not preempt state law, the laws of the state of North Carolina shall govern.

If any provision of this Plan is, or is hereafter declared to be, void, voidable, invalid or otherwise unlawful, the remainder of the Plan shall not be affected thereby.

ARTICLE XII

SIGNATURE

The above Plan is hereby adopted and approved, this ______ day of _________________, 2017 to be effective as stated herein.

YUM! BRANDS, INC.

By: ___________________________________
Tracy L. Skeans
Chief Transformation and People Officer

APPENDIX

Foreword

The following Appendix articles modify particular terms of the Plan. Except as specifically modified in the Appendix, the foregoing main provisions of the Plan shall fully apply in determining the rights and benefits of Participants and beneficiaries (and of any other individual claiming a benefit through or under the foregoing). In the event of a conflict between the Appendix and the foregoing main provisions of the Plan, the Appendix shall govern.

APPENDIX ARTICLE A

TRANSITION PROVISIONS

A.1 Scope.

This Article A provides the transition rules for the Plan that were effective at some time during the period beginning January 1, 2005 and ending December 31, 2008 (the "Transition Period"). The time period during which each provision in this Article A was effective is set forth below

A.2 Definition of Actuarial Equivalent.

In addition to the provisions provided in Article II for determining actuarial equivalence under the Plan, during and for the remaining duration of the Transition Period, to determine the amount of a Pension payable in the form of a Qualified Joint and Survivor Annuity or optional form of survivor annuity, as an annuity with inflation protection, or as a Single Life Annuity, the Plan Administrator used the actuarial factors under the Salaried Plan.

A.3 Transition Rules for Article VI (Distributions):

(a) Distribution of Pensions: 409A Pensions that would have been paid out during the Transition Period under the provisions set forth in the main body of the Plan (but for the application of permissible transition rules under Section 409A) shall be paid out on March 1, 2009.

(b) Linked Plan Distributions: 409A Pensions paid during the Transition Period commenced at the same time as, and were paid in the same form as, the time and form elected by the Participant with respect to his benefit under the Salaried Plan, as permitted under the applicable transition guidance for Section 409A. To the extent that payment occurred as described in this subsection A.3(b), the six-month delay for payment on Separation from Service to a Key Employee (as described in Section 6.6 of the Plan document) was not applied, as permitted under the applicable transition guidance for Section 409A.

A.4 Conformance with Section 409A:

At all times from and after January 1, 2005, this Plan shall be operated (i) in accordance with the requirement of Section 409A, and (ii) to preserve the status of deferrals that were earned and vested before January 1, 2005 as being exempt from Section 409A, *i.e.*, to preserve the grandfathered status of such pre-409A deferrals. Any action that may be taken (and, to the extent possible, any action actually taken) by the Company, the Plan Administrator or both shall not be taken (or shall be void and without effect), if such action violates the requirements of Section 409A or if such action would adversely affect the grandfather of the pre-409A deferrals. If the failure to take an action under the Plan would violate Section 409A, then to the extent it is possible thereby to avoid a violation of Section 409A, the rights and effects under the Plan shall be altered to avoid such violation. A corresponding rule shall apply with respect to a failure to take an action that would adversely affect the grandfather of the pre-409A deferrals. Any provision in this Plan document that is determined to violate the requirements of Section 409A or to adversely affect the grandfather of the pre-409A deferral shall be void and without effect. In addition, any provision that is required to appear in this Plan document to satisfy the requirements of section 409A, but that is not expressly set forth, shall be deemed to be set forth herein, and the Plan shall be administered in all respects as if such provision were expressly set forth. A corresponding rule shall apply with respect to a provision that is required to preserve the grandfather of the pre-409A deferrals. In all cases, the provisions of this Section A.4 shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section. Notwithstanding the foregoing, this Section A.4 shall not apply after December 31, 2008.

A.5 Emil Brolick-19(c):

Under Q&A-19(c) of IRS Notice 2005-1, the Company permitted Emil Brolick to irrevocably elect to revise the form of any benefit that he may receive under the Plan from an annuity to a lump sum payment. In addition, the Company permitted Mr. Brolick to irrevocably elect to revise the time of payment of any benefit that he may receive under the Plan. Such election to revise the time or form of payment (or both) must be filed with the Plan Administrator on or before December 30, 2008. If so filed, and if otherwise valid (in the sole discretion of the Plan Administrator), the PEP benefit for Mr. Brolick will be paid as specified in such election form. Otherwise, Mr. Brolick's PEP benefit will be paid as provided in the Plan.

A.6 Certain 19(c) Elections:

(a) Company Severance Program Elections: In connection with various severance programs, and pursuant to Q&A-19(c) of IRS Notice 2005-1, the Company unilaterally designated the distribution of certain PEP kicker benefits during the transition period under Section 409A. The time of payment of these amounts was included in documents provided to the participants in these severance programs in advance of the commencement of their severance period.

(b) 2008 Elections: In connection with various severance programs, and pursuant to Q&A-19(c) of IRS Notice 2005-1, the Company permitted certain participants to irrevocably elect to revise the form of (i) any qualified plan enhancement benefit and (ii) any PEP benefit that they may receive under the Plan from a default lump sum payment to an annuity. In addition, the Company permitted these participants to irrevocably elect to revise the time of payment of any lump sum distribution for (i) any qualified plan enhancement benefit, or (ii) any PEP benefit that they may receive under the Plan. Such election to revise the time or form of payment must be filed with the Plan Administrator on or before December 10, 2008. If so filed, and if otherwise valid (in the sole discretion of the Plan Administrator), the qualified plan enhancement benefit will be paid as specified in such election form. Otherwise, payment of any qualified plan enhancement benefit will be made in a lump sum on the first day of the month following the participant's separation from service, subject to any required delay for Key Employees under section 6.6 of the Plan, and payment of any PEP benefit shall be made in a lump sum on July 1, 2009.

APPENDIX ARTICLE B

COMPUTATION OF EARNINGS AND SERVICE
DURING CERTAIN SEVERANCE WINDOWS

B.1 Definitions:

Where the following words and phrases, in boldface and underlined, appear in this Appendix B with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context. Any terms used in this Article B of the Appendix with initial capitals and not defined herein shall have the same meaning as in the main Plan, unless a different meaning is plainly required by the context.

(a) "**Severance Program**" shall mean a program providing certain severance benefits that are paid while the program's participants are on a severance leave of absence that is determined by the Plan Administrator to qualify for recognition as Service under Section B.3 and Credited Service under Section B.4 of Article B.

(b) "**Eligible Bonus**" shall mean an annual incentive payment that is payable to the Participant under the Severance Program and that is identified under the terms of the Severance Program as eligible for inclusion in determining the Participant's Highest Average Monthly Earnings.

B.2 Inclusion of Salary and Eligible Bonus:

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit pursuant to a Severance Program, all salary continuation and any Eligible Bonus earned or to be earned during the first 12 months of a leave of absence period provided to the Participant under such Severance Program will be counted toward the Participant's Highest Average

Monthly Earnings, even if such salary or other earnings are to be received after a Participant's Separation from Service. In particular, if payment of a Participant's 409A Pension is to be made at Separation from Service and prior to the Participant's receipt of all of the salary continuation or Eligible Bonus that is payable to the Participant from the Severance Program, the Participant's Highest Average Monthly Earnings shall be determined by taking into account the full salary continuation and eligible bonus that is projected to be payable to the Participant during the first 12 months of a period of leave of absence that is granted to the Participant under the Severance Program.

B.3 Inclusion of Credited Service:

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit under a Severance Program, all Credited Service earned or to be earned during the first 12 months of the period of severance will be counted toward the Participant's Credited Service for purposes of determining the Participant's Pension and a Pre-Retirement Spouse's Pension, even if the period of time counted as Credited Service under the Severance Program occurs after a Participant's Separation from Service.

B.4 Inclusion of Service:

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit under a Severance Program, all Service earned or to be earned during the first 12 months of the period of severance will be counted toward the Participant's Service for purposes of determining the Participant's Pension and a Pre-Retirement Spouse's Pension, even if the period of time counted as Service under the Severance Program occurs after a Participant's Separation from Service.

B.5 Reduction to Reflect Early Payment:

If the Participant receives either (1) additional Credited Service or (2) additional earnings that are included in Highest Average Monthly Earnings under Sections B.2 or B.3 of this Article B, as a result of a severance benefit provided under a Severance Program and such additional Credited Service or earnings are included in the calculation of the Participant's Pension prior to the time that the Credited Service is actually performed by the Participant or the earnings are actually paid to the Participant, the Pension paid to the Participant shall be adjusted actuarially to reflect the receipt of the portion of the Pension attributable to such Credited Service or earnings received on account of the Severance Program prior to the time such Credited Service is performed or such earnings are actually paid to the Participant. For purposes of determining the adjustment to be made, the Plan shall use the rate provided under the Salaried Plan for early payment of benefits.

APPENDIX ARTICLE C

CEO'S PENSION

C.1 Scope and Purpose:

This Appendix Article C applies solely to determine the amount of the Pension payable to the Participant who is the Chairman and CEO of Yum! Brands, Inc. as of January 1, 2012, David C. Novak (the "Applicable Participant"). Nothing in this Appendix Article C shall alter the time or form of payment of such Pension, which shall continue to be governed by the main provisions of the 409A Program.

C.2 Freeze as of January 1, 2012:

Effective as of the beginning of the day on January 1, 2012, the Pension payable to or on behalf of the Applicable Participant (including any Pre-Retirement Spouse's 409A Pension) shall be fixed and frozen at the level in effect for the Applicable Participant as of immediately prior to January 1, 2012. Accordingly -

(a) The Applicable Participant's Credited Service and Highest Average Monthly Earnings shall be frozen and shall remain thereafter at the exact amounts of each that the Applicable Participant had under the Plan as of immediately prior to January 1, 2012, and

(b) The Applicable Participant's Total Pension (including any PEP Guarantee) and Salaried Plan Pension shall be frozen and shall remain thereafter at the exact amount of each that the Applicable Participant had under the Plan as of immediately prior to January 1, 2012.

The conversion to a Single Lump Sum of a benefit frozen under this Section C.2 shall be governed by the Actuarial Equivalent factors in effect for such conversion immediately prior to January 1, 2012.

C.3 Early Commencement Reduction:

Effective as of the beginning of the day on January 1, 2012, for purposes of determining the Pension payable to or on behalf of the Applicable Participant (including any Pre-Retirement Spouse's 409A Pension) (the "Reducible Pension"), there shall be a reduction for early commencement of the Applicable Participant's Reducible Pension of 0.33⅓ % for each month that the Applicable Participant's Reducible Pension commences prior to January 1, 2016. For this purpose, "early commencement" refers to commencing the Applicable Participant's Reducible Pension prior to his Normal Retirement Date. Such reduction shall apply in lieu of the reduction that would ordinarily apply under the Plan's main provisions in connection with an early commencement.

C.4 Determination of Pension Beginning January 1, 2013.

Notwithstanding Sections C.2 and C.3 above and Sections 5.1, 5.2 and 5.3, effective as of the beginning of the day on January 1, 2013, the amount of (i) the Applicable Participant's Pension, and (ii) any benefits paid on behalf of the Applicable Participant (including the Pre-Retirement Spouse's 409A Pension) shall not be determined under Sections C.2 and C.3 above and Sections 5.1, 5.2 and 5.3, but shall be determined under the following subsections. For purposes of the following subsections, all terms that are written with initial capital letters (but which are not defined terms in this Appendix Article C, nor the main provisions of the Plan) shall have the definitions provided in the Leadership Retirement Plan ("LRP"), but with any modifications that are specified in the following subsections.

(a) Account Balance. The Applicable Participant's Pension, expressed as a single lump sum, shall be determined based on the balance standing to his credit in the account maintained for the Applicable Participant (the "Account").

(b) Initial Account Balance. The initial balance in the Account, as of January 1, 2013 shall be $27,600,000, which is the present value (using the Company's 2013 proxy assumptions, and with rounding up to the nearest $100,000) of the Applicable Participant's benefit under the Plan as of the end of the day on December 31, 2012.

(c) Adjustment for Earnings. Following January 1, 2013, the balance in the Account shall be adjusted for earnings, in the same manner as applies under the LRP (applying the Earnings Credit for a period before taking into account any Employer Credits that are credited to the Account since the last Valuation Date), except that the Earnings Rate used to determine the Applicable Participant's Earnings Credit shall be equal to 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Code) based on the duration of the period between the regularly scheduled Valuation Dates (currently one year). This Earnings Rate is subject to change to the extent permitted under the LRP. To calculate the Applicable Participant's Earnings Credit in the same manner as under the LRP, *i.e.,* based on Years of Participation the Applicable Participant shall be treated as if (i) his participation in the Account commenced on January 1, 2013, and (ii) his participation in the Account ends on his Termination Date.

(d) The Company shall credit an Employer Credit to the Applicable Participant's Account at the same time and in the same manner as applies under the LRP. The Employer Credit Percentage shall be 9.5% unless the Company specifies a different percentage for one or more years prior to the date applicable for crediting Employer Credits under the LRP for any such year. This Employer Credit Percentage shall be applied to the Applicable Participant's Base Compensation and Bonus Compensation in the manner provided under the LRP.

(e) Distribution Valuation. Subject to subsection (f) below, the Applicable Participant's Account shall be valued in connection with any distribution in the same manner as applies under the LRP.

(f) Distribution at Death. In the event of the Applicable Participant's death, a distribution of 50% of the Applicable Participant's Account shall be distributed in the form and at the time that applies under this Plan, with such distribution being made to the Beneficiary of the Applicable Participant, determined in the manner applicable under the LRP.

APPENDIX ARTICLE D

DE-GRANDFATHERED PARTICIPANTS

D.1 Scope:

This Appendix Article D identifies the Participants whose Pre-409A Pensions have been "de-grandfathered" for purposes of Section 409A and indicates the time and form of payment that shall apply. A Participant's de-grandfathered Pre-409A Pension shall be administered as a 409A Pension in accordance with the terms of the document for the 409A Program, effective as of the date such de-grandfathering occurs, but subject to any of the following Sections of this Appendix Article D that apply to the Participant.

D.2 March 1, 2010 De-Grandfathering:

Effective as of March 1, 2010, as a result of a Plan amendment and related written Participant communications (as specified in the communications and then generally as of January 1, 2011), benefits under the Pre-409A Program became payable and began to be administered as though subject to the terms of the 409A Program, except with respect to the following two groups (who may be referred to as the "Continuing Grandfathered Participants"): (i) Pre-2005 Participants, as defined in Article II, and (ii) other Participants who have an Annuity Starting Date under either the 409A Program or the Pre-409A Program that occurred before March 1, 2010 (subject in both cases to Section 4.10 regarding rehired Participants). Following this de-grandfathering event, the Pre-409A Pensions of Continuing Grandfathered Participants continued to be administered in accordance with the Pre-409A Program, except as otherwise set forth in this Appendix Article D.

D.3 De-Grandfathering of Certain Pre-2005 Participants for 2012 Lump Sum Window:

The 409A Pension of a Pre-2005 Participant who has been de-grandfathered pursuant to Section D.4 of Appendix Article D of the document for the Pre-409A Program shall be paid as follows:

(a) Age 55 or Older on Date of De-Grandfathering: If the Pre-2005 Participant is age 55 or older on the date his Pre-409A Pension is de-grandfathered, his 409A Pension shall be distributed as a Single Lump Sum on June 1, 2013.

(b) Below Age 55 on Date of De-Grandfathering: If the Pre-2005 Participant is younger than age 55 on the date his Pre-409A Pension is de-grandfathered, his 409A Pension shall be shall be distributed as an Annuity commencing on the later of - (i) June 1, 2013, or (ii) the first of the month that is coincident with or immediately following the date he attains age 55, which applicable date shall be the Annuity Starting Date of his 409A Pension. A distribution under this subsection shall be in the form of a Qualified Joint and Survivor Annuity if the Participant is married, or as a Single Life Annuity if he is not married. A Participant shall be considered married for purposes of this paragraph if he is married on the Annuity Starting Date of his 409A Pension.

All payments under this Section D.3 are subject to Section 6.6 of the main document (required six-month delay for key employees). A list of Pre-2005 Participants whose Pre-409A Pensions have been de-grandfathered pursuant to Section C.4 of Appendix Article C of the document for the Pre-409A Program is set forth in Schedule C to this Appendix Article D (using unique identifying information for each such Pre-2005 Participant).

D.4 Further De-Grandfathering of Participants under the 409A Program:

Effective as of 12:01 AM on April 1, 2016, the 409A Program is amended to provide for the payment of benefits to any participant in the Pre-409A Program who becomes de-grandfathered under Appendix Section C.6 of the Pre-409A Program (a "Further De-Grandfathered Participant"). The benefit of any Further De-Grandfathered Participant shall be paid in a single lump sum on January 1, 2017. The lump sum shall be determined as the Actuarial Equivalent of the Further De-Grandfathered Participant's benefit expressed as Single Life Annuity as of his Normal Retirement Date, and with Actuarial Equivalence determined under Sections 2.1(e)(1), 2.1(e)(3) of the Salaried Plan (but without regard to Section 2.1(e)(3)(i) or (ii) of the Salaried Plan), and 2.1(f) of the Salaried Plan.

APPENDIX ARTICLE P

RETIREMENT WINDOW BENEFIT

P.1 Scope:

This Article P supplements the main portion of the Plan document with respect to the rights and benefits of Covered Employees. This Article P is effective with respect to a particular Covered Employee as of the beginning of the Window Start Date specified for such Covered Employee in Section P.2(i) of Part B of the Salaried Plan (definition of "Severance Program"). This Article P is effective January 31, 2008.

P.2 Definitions:

This Section provides definitions for the following underlined words or phrases. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in the main portion of the Plan document.

(a) Article: This Article P of the Appendix to the Plan.

(b) Covered Employee: A Participant who meets the definition of "Covered Employee" under Section P.2(b) of Part B of the Salaried Plan.

(c) HCE: A Covered Employee who is a highly compensated employee within the meaning of Code section 414(q) on his Separation Date.

(d) PEP Bridge Benefit: The special PEP benefit that may be provided to a Covered Employee pursuant to Section P.3.

(e) PEP Window Benefit: The special Early Retirement Pension that may be provided to a Covered Employee pursuant to Section P.4.

(f) Separation Date: The date determined under Section P.2(f) of Part B of the Salaried Plan.

(g) Separation from Service: A separation from service within the meaning of Code section 409A(a)(2)(A)(i).

(h) Specified Employee: An employee described as a specified employee in Code section 409A(a)(2)(B)(i).

P.3 PEP Bridge Benefit:

A Participant who meets the eligibility requirements of subsection (a) below may be eligible for a PEP Bridge Benefit from this Plan in lieu of any other benefit under this Plan, calculated under subsection (b) below and payable as provided under subsection (c) below.

(a) Eligibility: To be eligible for a PEP Bridge Benefit under this Section P.3, a Participant must:

(1) Be a Covered Employee on his Separation Date;

(2) Be not more than 12 months from Retirement Eligibility and have less than 10 Years of Service on his Separation Date;

(3) Be granted a special Authorized Leave of Absence for purposes of attaining Retirement Eligibility under Part B of the Salaried Plan; and

(4) Be entitled to a benefit under the Plan without regard to this Article P.

A Participant's period of time from attaining Retirement Eligibility shall be equal to the additional period of continuous employment by an Employer in an eligible classification that would be required, from and after the Participant's Separation Date, for the Participant to first reach Retirement Eligibility.

(b) Calculation of PEP Bridge Benefit: A Covered Employee's PEP Bridge Benefit under this subsection (b), expressed as a Single Life Annuity payable at the Covered Employee's commencement date, shall be equal to: (i) the benefit amount calculated under paragraph (1) below, plus (ii) the benefit amount calculated under paragraph (2) below.

(1) Deferred Vested Pension. The benefit amount under this paragraph shall be the Vested Pension to which the Covered Employee is entitled under Section 5.1 of the Plan, without regard to this Article or the additional Service and Compensation credited to the Covered Employee under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence. Such Vested Pension shall be expressed initially as a Single Life Annuity commencing at the Covered Employee's Normal Retirement Date, and then this annuity shall be reduced to an Actuarial Equivalent Single Life Annuity for commencement prior to the Covered Employee's Normal Retirement Date.

(2) Additional PEP Bridge Benefit. The amount calculated under this paragraph shall equal (i) the amount calculated under paragraph (3) below, minus (ii) the amount calculated under paragraph (1) above.

(3) PEP Retirement Benefit. The benefit amount under this paragraph shall be the PEP benefit that would be payable to the Covered Employee if his benefit was calculated as an Early or Normal Retirement Pension (whichever the Covered Employee becomes eligible for under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence) in accordance with the usual provisions of the Plan for an Early or Normal Retirement Pension

(as applicable), taking into account the additional Service and Compensation credited to the Covered Employee under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence. This monthly benefit shall be expressed initially as a Single Life Annuity commencing at the Covered Employee's Normal Retirement Date, and shall be reduced for commencement prior to age 62 in accordance with the terms of the main portion of the Plan.

(c) Commencement and Payment of PEP Bridge Benefit: A PEP Bridge Benefit payable to a Covered Employee under this Section P.3 shall be payable as follows:

(1) Additional PEP Bridge Benefit: The additional PEP Bridge Benefit payable to a Covered Employee solely as a result of this Article, which is subject to Code section 409A because it is earned and vested after December 31, 2004, shall be paid in accordance with the Plan's rules for Retirement Pensions that are subject to Code section 409A, *i.e.*, as a single lump sum on the first of the month coincident or next following the date the Covered Employee would have attained Retirement Eligibility (within the meaning of Section P.2(e) of Part B of the Salaried Plan) without regard to this Article if the Covered Employee had remained continuously employed in an eligible classification. However, if the Covered Employee has made an election for a different time and/or form of payment for the portion of his benefit that is subject to Code section 409A, then the portion of the Covered Employee's PEP Bridge Benefit described in this paragraph shall be paid in accordance with such election.

(2) Other PEP Benefit: The portion of the Covered Employee's PEP Bridge Benefit that would be payable to the Covered Employee without regard to this Article shall be paid as follows:

(A) Pre-409A Pension: In the case of a Covered Employee who is a Continuing Grandfathered Participant, the portion of the Covered Employee's benefit representing his Pre-409A Pension shall be paid as a Retirement Pension in accordance with Section 6.1 of the main portion of the Plan document for pre-409A benefits. The Pre-409A Pension for all other Covered Employees shall be paid as provided in subparagraph (B) below (as though part of his 409A Pension).

(B) 409A Pension: The portion of the Covered Employee's benefit representing his 409A Pension (or paid as though part of his 409A Pension) shall be paid as a Vested Pension, *i.e.*, as a Single Life Annuity if the participant is unmarried at commencement or a 50% Joint and Survivor Annuity if the participant is married at commencement, unless the married participant elects either a 75% Joint and Survivor Annuity or a Single Life Annuity (all annuities under this paragraph shall be calculated without regard to the Plan's former simplified factors), and shall commence on the first of the month coincident or next following the later of: (i) the Covered Employee's Separation from Service, or (ii) the date the Covered Employee attains age 55. Any election by a married Covered Employee under the preceding sentence to receive a 75% Joint and Survivor Annuity or Single Life Annuity shall be made on or before the day preceding the Covered employee's commencement date as determined under the preceding sentence (or if applicable, under paragraph (3) below). Notwithstanding the foregoing, if a Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then this portion of the Covered Employee's PEP Bridge Benefit shall be paid as a single lump sum on July 1, 2009.

(3) Payment Delay for Specified Employees: Notwithstanding paragraphs (1) and (2) above or any other provision of this Article P or the Plan to the contrary, in the case of a Covered Employee who is a Specified Employee, any portion of the Covered Employee's PEP Bridge Benefit that is subject to Code section 409A and that is paid upon the Covered Employee's Separation from Service shall not be paid prior to the first day of the seventh month that begins after the Covered Employee's Separation from Service.

P.4 PEP Window Benefit:

Any Covered Employee who meets the eligibility requirements of subsection (a) below may be eligible for a PEP Window Benefit from this Plan, in lieu of any other benefit under this Plan. Such PEP Window Benefit (if any) shall be calculated as provided in subsection (b) below and shall be paid as provided in subsection (c) below.

(a) Eligibility: To be eligible for a PEP Window Benefit under this Section P.4, a Participant must:

(1) Be a Covered Employee on his Separation Date,

(2) Be an HCE on his Separation Date, and

(3) Satisfy the eligibility requirement set forth in Section P.3(a)(2) of Part B of the Salaried Plan.

(b) Calculation of PEP Window Benefit: The PEP Window Benefit of a Covered Employee who satisfies the eligibility provisions of subsection (a) above shall be calculated under Section 5.1 of the main portion of the Plan by taking into account, for purposes of determining the Covered Employee's Total Pension under Section 5.1(c)(1), the provisions of Section P.3 of Part B of the Salaried Plan, but without regard to the fact that such section ordinarily does not apply to a Covered Employee who is an HCE. For purposes of the calculation under Section 5.1, it shall be assumed that the Covered Employee's PEP Window Benefit is all paid at the time the Qualified Kicker described in subsection (c) below is paid.

(c) Commencement and Payment of PEP Window Benefit: A PEP Window Benefit payable to a Covered Employee under this Section P.4 shall be payable as follows:

(1) Qualified Kicker Only: In the case of a Covered Employee who is only eligible for a benefit under the Plan as a consequence of this Article being included in the Plan, such a Covered Employee's PEP Window Benefit shall be considered a "Qualified Kicker" and shall be paid as follows:

(A) General Rule. Except as provided in subparagraph (B) below, a Covered Employee's Qualified Kicker shall be paid as a single lump sum as of the first of the month next following the date that is 10 weeks after the date of the Covered Employee's Separation from Service.

(B) Special Rule for Taco Bell Severance Program for the Q4 2007 Restructuring. The Qualified Kicker of a Covered Employee whose Separation Date occurs as a direct result of the Taco Bell Severance Program for the Q4 2007 Restructuring shall be paid as a single lump sum on the first of the month next following the date that is 12 weeks after the date of the Covered Employee's Separation from Service.

(C) Special Rule for Yum! Special Early Retirement Program for 2013 for Eligible HUB Employees. The Qualified Kicker of a Covered Employee whose Separation Date occurs as a direct result of the Yum! Special Early Retirement Program for 2013 for Eligible HUB Employees shall be paid as a single lump sum on November 1, 2013.

(2) Other PEP Benefit: In the case of a Covered Employee who would be eligible for a benefit under the Plan without regard to this Article, such a Covered Employee's PEP Window Benefit shall be payable as provided in this subsection.

(A) Qualified Kicker: The portion of such a Covered Employee's PEP Window Benefit, which replaces the additional benefit that would have been paid under the Salaried Plan if Section P.3 of Part B of the Salaried Plan applied to a Covered Employee who is an HCE, shall be his Qualified Kicker and shall be paid as provided in paragraph (1) above.

(B) Pre-409A Pension: In the case of a Covered Employee who is a Continuing Grandfathered Participant, the portion of the Covered

Employee's PEP Window Benefit representing his Pre-409A Pension, and which would be payable to such Covered Employee without regard to this Article, shall be paid as a Vested Pension, *i.e.*, as an annuity at the same time and in the same form as the Covered Employee's annuity benefit under the Salaried Plan. Notwithstanding the preceding sentence, if a Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then this portion of the Covered Employee's PEP Window Benefit shall be paid as a single lump sum on July 1, 2009 (in which case this portion of the Covered Employee's PEP Window Benefit shall become subject to Code section 409A). In the case of a Covered Employee who is not a Continuing Grandfathered Participant, his Pre-409A Pension shall be paid as provided in subparagraph (C) below (as though part of his 409A Pension).

(C) 409A Pension: The portion of a Covered Employee's PEP Window Benefit representing his 409A Pension (or paid as though part of his 409A Pension), and which would be payable to such Covered Employee without regard to this Article, shall be paid as a Vested Pension, *i.e.*, as an annuity at the same time and in the same form as the Covered Employee's annuity benefit under the Salaried Plan. However, if the Covered Employee's Salaried Plan annuity has not commenced by December 31, 2008, then the benefit described in this paragraph shall be paid as a Single Life Annuity if the Covered Employee is unmarried at commencement and as a 50% Joint and Survivor Annuity if the Covered Employee is married at commencement, unless the married Covered Employee elects to receive either a 75% Joint and Survivor Annuity or a Single Life Annuity (all annuities under this paragraph shall be calculated without regard to the Plan's former simplified factors), and shall commence on the first of the month coincident with or next following the latest of: (i) January 1, 2009, (ii) the Covered Employee's Separation from Service, or (iii) the date the Covered Employee attains age 55. Any election by a married Covered Employee under the preceding sentence to receive a 75% Joint and Survivor Annuity or Single Life Annuity shall be made on or before the day preceding the Covered employee's commencement date as determined under the preceding sentence (or if applicable, under paragraph (3) below). Notwithstanding the foregoing, if such Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then such Covered Employee's benefit that is described in this paragraph shall be paid as a single lump sum on July 1, 2009.

(D) PEP Kicker: The remaining portion of such a Covered Employee's PEP Window Benefit shall be his "PEP Kicker" and shall be paid in accordance with the Plan's rules for Retirement Pensions that are subject to Code section 409A, *i.e.*, as a single lump sum as of the first of the month next following when the Covered Employee would have attained Retirement Eligibility (within the meaning of Section P.2(e) of Part B of the Salaried Plan) if the Covered Employee had remained continuously employed by the Employer in an eligible classification. However, if the Covered Employee has made an election for a different form and/or time of payment for the portion of his benefit that is subject to Code section 409A, then the Covered Employee's PEP Kicker shall be paid in accordance with such election. Notwithstanding the foregoing, if such Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then such Covered Employee's PEP Kicker shall be paid as a single lump sum on July 1, 2009.

(3) Payment Delay for Specified Employees: Notwithstanding paragraphs (1) and (2) above or any other provision of this Article P or the Plan to the contrary, in the case of a Covered Employee who is a Specified Employee, any portion of the Covered Employee's PEP Window Benefit that is subject to Code section 409A and that is paid upon the Covered Employee's Separation from Service, shall not be paid prior to the first day of the seventh month that begins after the Covered Employee's Separation from Service.

(d) Calculation of PEP Window Benefit Components: The components of a Covered Employee's PEP Window Benefit described in Section P.4(c)(1) or (2) above (as applicable) shall be calculated (using the actuarial assumptions under Section 2.1(b)(2) of Part B of the Salaried Plan) as follows:

(1) PEP Benefit Without Regard to this Article: This portion of a Covered Employee's PEP Window Benefit shall be calculated by determining the Covered Employee's total PEP benefit under Section 5.1 of the Plan, disregarding the provisions of this Article and then dividing this total benefit into the Pre-409A Vested Benefit and 409A Vested Benefit portions using the Plan's usual rules for computing the grandfathered and 409A portions of a Participant's benefit.

(2) Qualified Kicker: A Covered Employee's Qualified Kicker shall be calculated under the terms of Section P.3(b)(2) of Part B of the Salaried Plan, but without regard to the fact that this section ordinarily does not apply to a Covered Employee who is an HCE. Notwithstanding the preceding sentence, the Qualified Kicker of a Covered Employee whose Separation Date occurs as a direct result of the Taco Bell Severance Program for the Q4 2007 Restructuring shall be reduced by the value of any weeks of severance pay in excess of 12 weeks that are payable to such Covered Employee in connection with the Restructuring.

(3) PEP Kicker: A Covered Employee's PEP Kicker (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date) shall equal: (i) the total PEP Window Benefit as calculated under subsection (b) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date); minus (ii) the total PEP benefit without regard to this Article (*i.e.*, the sum of his Pre-409A Vested

Pension and 409A Vested Pension) as calculated under paragraph (1) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date); and minus (iii) the Qualified Kicker, but for purposes of this paragraph (3), calculated without regard to the second sentence of paragraph (2) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date). The resulting PEP Kicker shall be converted to the Covered Employee's applicable form of payment for the PEP Kicker using the Plan's usual factors for converting forms of payment.

APPENDIX ARTICLE Q

AUSTRALIAN PARTICIPANTS

Q.1 Scope:

This Article provides special rules for calculating the benefit of an Australian Participant, and these rules are the exclusive basis for an Australian Employee to become entitled to a benefit from the Plan. The benefit of an Australian Participant shall be determined under Section Q.3 below, subject to Section Q.4 below. Once a benefit is determined for an Australian Participant under this Article, such benefit shall be subject to the Plan's normal conditions and shall be paid in accordance with the Plan's normal terms. This Article is effective January 1, 2005 and applies to all accruals that are subject to Code section 409A, including those accrued prior to January 1, 2005.

Q.2 Definitions:

This Section provides definitions for the following underlined words or phrases. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in the main portion of the Plan document.

(a) Article: This Article Q of the Appendix to the Plan.

(b) Australian Employee: An individual (i) who became employed in the United States by an United States Employer in an executive position prior to 2008, (ii) who was previously employed by the Company or an affiliate of the Company in Australia, and (iii) on whose behalf the United States Employer (directly or indirectly) makes Superannuation Contributions during any part of the period that he is employed as described in clause (i) above.

(c) Australian Participant: An Australian Employee shall not become a Participant under this Plan until the earlier of (i) the day after he stops receiving Superannuation Contributions that are taken into account under subsection (d) below, or (ii) his last day of employment that is described in subsection (b)(i) above. From and after such day, an Australian Employee shall be a Participant:

(1) When he would be currently entitled to receive a Pension under the Plan if his employment terminated at such time, or

(2) When he would be so entitled but for the vesting requirement of Section 4.7.

Notwithstanding the foregoing provisions of this subsection, an Australian Employee shall not become a Participant under this Plan if he enters into a qualifying written agreement with the Company to forgo a Pension under this Plan and the Salaried Plan for his period of employment described in subsection (b)(i) above. A written agreement that is otherwise described in the preceding sentence shall not be a qualifying written agreement for the period before the earliest date such agreement may apply without violating the restrictions on elections under Code section 409A.

(d) Superannuation Contributions: Contributions to the Australian federal government's compulsory retirement savings system into which an employer is required to contribute on behalf of a qualifying employee, over the course of each year, an amount that is at least equal to a specified minimum percentage of the employee's annual compensation, and that permits certain additional contributions (but disregarding such required or additional contributions that are made after an individual is no longer considered an Australian Employee as a result of ceasing current employment in the United States).

Q.3 Benefit Formula for Australian Employees:

Except as provided in this Section Q.3, an Australian Participant's benefit shall be determined using a calculation methodology that is substantially similar to that applicable under Section 5.1 of the Plan. Notwithstanding the preceding sentence, the Australian Participant's "Total Pension" (as defined in Section 5.1(c)(1)) shall be calculated as if:

(a) The Australian Participant became an eligible Employee and began receiving Credited Service under the Salaried Plan on his first day of employment as an executive in the United States with a United States Employer; and

(b) The Australian Participant ceased being an eligible Employee and ceased receiving Credited Service under the Salaried Plan at the end of his period of employment as an executive in the United States with a United States Employer;

Without regard, in each case, to the actual periods during which the Australian Participant was an eligible Employee and received Credited Service under the Salaried Plan. Notwithstanding the first sentence of this Section Q.3, such Australian Participant's benefit shall be calculated by subtracting from his Total Pension (expressed as a lump sum amount as of his benefit commencement date under the Plan) the sum of: (i) the Australian Employee's actual benefit under the Salaried Plan (expressed as a lump sum amount as of such date), plus (ii) the total Superannuation Contributions made on behalf of the Australian Employee while employed in the United States by a United States Employer, adjusted for interest through such date at an annual rate of 7 percent, compounded annually.

Q.4 Alternative Arrangements Permitted:

Notwithstanding any provision of this Article to the contrary, the Company and an Australian Employee may agree in writing to disregard the provisions of this Article in favor of another mutually agreed upon benefit arrangement under the Plan, in which case this Article shall not apply.

APPENDIX ARTICLE R

PARTICIPANTS ON TEMPORARY ASSIGNMENT

R.1 Scope:

This Article R shall apply with respect to any person who qualifies as a Foreign-Assigned Employee and who is transferred to a Temporary Assignment outside the United States with a Approved Foreign Subsidiary, as those terms are defined in the Salaried Plan. Any such person shall be referred to in this Article R as a PEP Foreign-Assigned Employee.

R.2 Assignment in Canada:

A PEP Foreign-Assigned Employee who is transferred to Canada shall not be an Employee for purposes of eligibility for the Plan during his period of service in Canada. However, upon such person's return to employment on an Employer's United States payroll following his service in Canada, the following shall apply for purposes of determining such PEP Foreign-Assigned Employee's Total Pension under Section 5.1 of the Plan, provided the person's employment in Canada was a Temporary Assignment (as defined in the Salaried Plan) and contributions to United States Social Security were made for such person during the Temporary Assignment pursuant to a totalization agreement (such person's return to a United States payroll after such an assignment in Canada may be referred to as an "eligible return"):

(a) Such person's eligible return will be treated as a "transfer" under Section 3.6(a) of the Salaried Plan.

(b) Such person's employment in Canada for an Approved Foreign Subsidiary prior to the eligible return shall be treated as "pre-transfer employment" for which an amount of Pre-transfer Service will be determined and recognized in accordance with

Section 3.6(a)(2) of the Salaried Plan, and Credited Service will be granted in accordance with Section 3.6(a)(3) of the Salaried Plan to the same extent as would apply if the person had been covered by a qualifying plan for the entire period such person was both on a Temporary Assignment in Canada and subject to a totalization agreement.

A Canadian pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3). Any qualifying plan that is not a broad-based foreign retirement plan shall reduce a Participant's benefit under this Plan only to the extent of the value of such qualifying plan as of immediately prior to the Participant's eligible return, and such reduction shall be applied only to the benefit that accrues immediately upon the Participant's eligible return.

R.3 Assignment in the United Kingdom:

For purposes of calculating benefits under this Plan in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to the United Kingdom and who participates while there in a United Kingdom pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.4 Assignment in India:

For purposes of calculating benefits under this Plan in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to India and who participates while there in a Indian pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.5 Assignment in Singapore:

For purposes of calculating benefits under this Plan in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to Singapore and who participates while there in a Singapore pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.6 Assignment in Russia:

For purposes of calculating benefits under this Plan, in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to Russia and who participates while there in a Russian pension plan or similar arrangement that is a qualifying plan, within the mean of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.7 Assignment in South Africa:

For purposes of calculating benefits under this Plan, in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to South Africa and who participates while there in a South African pension plan or similar arrangement that is qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.8 Assignment in Thailand:

For purposes of calculating benefits under this Plan, in the case of PEP Foreign-Assigned Employee or another Participant who is transferred to Thailand and who participates while there in a Thai pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.9 Elimination of Eligible Classification Requirement:

(a) For purposes of calculating benefits under this Plan in the case of a Participant who is employed by the Yum Organization and who ceases to be an Eligible Employee as a result of his being transferred to a country identified in Section Q.2(a) of the Salaried Plan (excluding Canada):

(1) The eligible classification requirement for Retirement eligibility under Sections 4.1, 4.2, 4.4 and 4.5 shall be disregarded for purposes of

determining the amount of the 409A Pension to which the Participant is entitled under Article V (*i.e.*, benefit formula and early commencement factors); and

(2) The eligible classification requirement under Section 4.6(a) shall be disregarded for purposes of determining the amount of Pre-Retirement Spouse's 409A Pension to which the Eligible Spouse of such Participant is entitled under Article V.

The increase in the amount of a Participant's or Eligible Spouse's benefit resulting from the application of this subsection shall be determined by taking into account the Participant's total Credited Service under the Plan (including Credited Service for periods before January 1, 2005), but such increase shall be provided solely and entirely under the 409A Program. The terms and conditions on the elimination of the eligible classification requirement for purposes of calculating a Participant's 409A Pension under this subsection (a) shall apply notwithstanding the provisions of Section Q.4 of the Salaried Program.

(b) In addition, in the case of a Participant who becomes eligible for a Retirement Pension under the 409A Program due to the elimination of the eligible classification requirement for such Participant under subsection (a) above, the Participant's Pre-409A Pension shall be paid in accordance with clause (ii) of Section 6.1(a) of the document for the Pre-409A Program, and the Participant (during the period he is described in this subsection) shall not be eligible to make an Advance Election under the Pre-409A Program notwithstanding the fact that the Participant's benefit under the Salaried Plan is paid pursuant to the form of payment provisions applicable to Retirement Pensions under the Salaried Plan.

ARTICLE S - LIMITATION ON BENEFIT ENHANCEMENTS

THAT ARE SUBJECT TO SECTION 457A

S.1 Scope.

With respect to any person who is subject to Section S.2 below (as a result of a transfer and other circumstances described in Section S.2), this Article S supplements the main portion of the Plan document and controls over the preceding Articles of this Appendix. This Article S is effective as of the beginning of the day on January 1, 2016.

S.2 Section 457A.

To avoid the application of Code section 457A ("Section 457A") to a Participant's Pension, the following shall apply to a Participant who is or is expected to become, during the current year, subject to income taxation under the Code (a "US-Taxed Participant"), and who transfers to a work location outside of the United States to provide services to a member of the YUM! Organization that is neither a United States corporation nor a pass-through entity that is wholly owned by a United States corporation ("Covered Transfer"):

(a) The US-Taxed Participant shall automatically vest in his or her Pension as of the end of the last business day before the Covered Transfer;

(b) From and after the Covered Transfer, any benefit accruals or other increases or enhancements to the US-Taxed Participant's Pension relating to -

(1) Service,

(2) Earnings (as defined in the Salaried Plan),

(3) The attainment of a specified age ("age attainment"),

(collectively, “Benefit Enhancement”) will not be credited to the US-Taxed Participant until the end of the last day of the Plan Year in or for which the US-Taxed Participant has the Service, Earnings or age attainment that results in such Benefit Enhancement, and then only if and to the extent permissible under subsection (c) below at that time; and

(c) The US-Taxed Participant shall have no legal right to (and the US-Taxed Participant shall not receive) any Benefit Enhancement, which relates to Service, Earnings or age attainment, from and after the Covered Transfer to the extent such Benefit Enhancement would constitute compensation that is includable in income under Section 457A.

Notwithstanding the foregoing, one or more of the foregoing subsections shall not apply to a US-Taxed Participant who has a Covered Transfer if, prior to the Covered Transfer (or prior to the start of a calendar year beginning after the Covered Transfer, with respect to such calendar year), the Company provides a written communication (either to the Participant individually, to a group of similar Participants, to Participants generally, or framed in any other way that is intended to cause the communication to apply to the Participant - *i.e.*, an “applicable communication”) that one or more of these subsections do not apply to the Covered Transfer in question. Subsection (b) shall cease to apply as of the earlier of - (i) the date the Participant returns to service for a member of the YUM! Organization that is a United States corporation or a pass-through entity that is wholly owned by a United States corporation, or (ii) the effective date for such cessation that is stated in an applicable communication. In addition, the Company’s Vice President with responsibility for this Plan may (in his or her discretion) waive the application of one or more of these subsections retroactively with respect to some or all of the period that begins with the Covered Transfer, by providing the US-Taxed Participant with a written notification that clearly and expressly provides for such waiver.

Exhibit 12.1

YUM! Brands, Inc.
Ratio of Earnings to Fixed Charges Years Ended 2017 - 2013
(In millions except ratio amounts)

	52 Weeks	53 Weeks	52 Weeks		
	2017	**2016 (As Restated)**	**2015 (As Restated)**	**2014**	**2013**
Earnings:					
Pretax income from continuing operations before cumulative effect of accounting changes	$ 2,274	$ 1,345	$ 1,253	$ 1,374	$ 1,279
50% or less owned Affiliates' interests, net	—	—	—	—	—
Interest Expense	478	330	158	162	282
Interest portion of net rent expense	40	50	57	62	64
Earnings available for fixed charges	$ 2,792	$ 1,725	$ 1,468	$ 1,598	$ 1,625
Fixed Charges:					
Interest Expense	$ 478	$ 330	$ 158	$ 164	$ 283
Interest portion of net rent expense	40	50	57	62	64
Total fixed charges	$ 518	$ 380	$ 215	$ 226	$ 347
Ratio of earnings to fixed charges	5.39	4.54	6.83	7.07	4.68

	Exhibit 21.1
SUBSIDIARIES OF YUM! BRANDS, INC.	
AS OF DECEMBER 31, 2017	
Name of Subsidiary	**State or Country of Incorporation**
A.C.N. 003 190 163 Pty. Limited	Australia
A.C.N. 003 190 172 Pty. Limited	Australia
A.C.N. 003 273 854 Pty. Limited	Australia
A.C.N. 054 055 917 Pty. Ltd.	Australia
A.C.N. 054 121 416 Pty. Ltd. f/k/a Pizza Hut Australia Pty Limited f/k/a ACN 054 121 416 Pty. Ltd.	Australia
A.C.N. 085 239 961 Pty. Ltd. (SA1)	Australia
A.C.N. 085 239 998 Pty. Ltd. (SA2)	Australia
A.C.N. 107 434 882 Pty Limited f/k/a/ Yum! Restaurants KFC Australia Services Pty Ltd f/k/a Yum! Restaurants Australia Services Pty Ltd	Australia
A.C.N. 108 123 502 Pty Limited f/k/a/ Yum! Restaurants New Zealand Services Pty. Ltd	Australia
ABR Insurance Company	Vermont
Ashton Fried Chicken Pty. Limited	Australia
Cyprus Caramel Restaurants Limited	Cyprus
Demipower (Eastern) Limited	United Kingdom
Finger Lickin' Chicken Limited	United Kingdom
GCTB, LLC f/k/a GCTB, Inc.	Virginia
Gloucester Properties Pty. Ltd.	Australia
Inventure Restaurantes Ltda.	Brazil
Kentucky Fried Chicken (Germany) Restaurant Holdings GmbH	Germany
Kentucky Fried Chicken (Great Britain) Limited	United Kingdom
Kentucky Fried Chicken (Great Britain) Services Limited	United Kingdom
Kentucky Fried Chicken Canada Company	Canada
Kentucky Fried Chicken International Holdings, LLC f/k/a Kentucky Fried Chicken International Holdings, Inc.	Delaware
Kentucky Fried Chicken Limited f/k/a Norfolk Fast Foods Limited	United Kingdom
Kentucky Fried Chicken Pty. Ltd.	Australia
KFC (Pty) Ltd f/k/a Yum Restaurants International (Proprietary) Limited	South Africa
KFC Advertising, Ltd.	United Kingdom
KFC Asia LLC	Delaware
KFC Brasil Publicidade e Propaganda Ltda	Brazil
KFC Chamnord SAS	France
KFC Corporation	Delaware
KFC Europe S.à r.l.	Luxembourg
KFC France SAS	France
KFC Global Holdings, Inc.	Delaware
KFC Holding Co.	Delaware
KFC Holding SAS	France
KFC Holdings B.V.	Netherlands
KFC Intermediate Holdings S.à r.l.	Luxembourg
KFC International Finance Company LLC f/k/a KFC International Finance Company S.à r.l.	Delaware
KFC International Holdings I LLC f/k/a KFC International Holdings I S.à r.l. f/k/a Yum! Finance Holdings ll Sarl f/k/a Stealth Investments Sarl	Delaware
KFC International Holdings II S.à r.l.	Luxembourg
KFC Italy S.r.l.	Italy
KFC Menapak LLC	Delaware

KFC MENAPAK S.à r.l.	Luxembourg
KFC Mexico B.V.	Netherlands
KFC Netherlands B.V.	Netherlands
KFC North America S.à r.l.	Luxembourg
KFC Pacific Holdings Ltd f/k/a THC II Limited	Malta
KFC Pacific LLC	Delaware

KFC Real Estate B.V.	Netherlands
KFC Restaurants Asia Pte., Ltd.	Singapore
KFC Restaurants Spain S.L.	Spain
KFC Russia Holdings I S.à r.l.	Luxembourg
KFC South Africa Holdings B.V.	Netherlands
KFC THC V Ltd f/k/a THC V Limited	Malta
KFC Turkey LLC	Delaware
KFC US, LLC f/k/a KFC Franchisor, LLC	Delaware
KFC YFI Holdco S.à r.l.	Luxembourg
KFC Yum! Franchise I LP	Canada (Alberta)
KFC Yum! Franchise III f/k/a Yum! Franchise III	Australia
KZ Catering Ltd.	United Kingdom
MFIT Foods Ltd.	United Kingdom
Multibranding Pty. Ltd.	Australia
Newcastle Fried Chicken Pty. Ltd.	Australia
Northside Fried Chicken Pty Limited	Australia
Novo BL SAS	France
Novo Re IMMO SAS	France
PH Asia Holdings S.à r.l.	Luxembourg
PH Asia LLC	Delaware
PH Canada Company	Canada
PH Canada Holdco Company	Canada
PH Digico LLC	Delaware
PH Europe LLC f/k/a PH US LLC	Delaware
PH Europe S.à r.l.	Luxembourg
PH Global Holdings, Inc.	Delaware
PH Intermediate Holdings S.à r.l.	Luxembourg
PH International Finance Company LLC f/k/a PH International Finance Company S.à r.l.	Delaware
PH International Holdings I LLC f/k/a PH International Holdings I S.à r.l. f/k/a Yum! Finance Holdings lll Sarl f/k/a ITRAS Holdings Sarl	Delaware
PH International Holdings II S.à r.l.	Luxembourg
PH Mexico B.V.	Netherlands
PH Mexico S.à r.l.	Luxembourg
PH North America S.à r.l.	Luxembourg
PH Restaurant Holdings GmbH	Germany
PH South Africa Holdings B.V.	Netherlands
PH THC V Ltd	Malta
PH YFI Holdco S.à r.l.	Luxembourg
PH Yum! Franchise I LP	Canada (Alberta)
PH Yum! Franchise III	Australia
Pizza Hut (Pty) Ltd f/k/a Friedshelf 1503 Proprietary Limited	South Africa
Pizza Hut Delivery Germany GmbH	Germany
Pizza Hut Europe Limited	United Kingdom
Pizza Hut Gida ve Ticaret Anonim Sirketi	Turkey
Pizza Hut Guarantor, LLC	Delaware
Pizza Hut Holdings, LLC	Delaware
Pizza Hut HSR Advertising Limited	United Kingdom
Pizza Hut International, LLC	Delaware
Pizza Hut MENAPAK Counsulting FZE	U.A.E.
Pizza Hut MENAPAK S.à r.l.	Luxembourg
Pizza Hut of America, LLC f/k/a Pizza Hut of America, Inc.	Delaware

Pizza Hut Pacific Holdings Ltd.	Malta
Pizza Hut Restaurants Asia Pte., Ltd.	Singapore
Pizza Hut Restaurants China-India Pte. Ltd.	Singapore

Pizza Hut Turkey LLC	Delaware
Pizza Hut, LLC	Delaware
Restaurant Concepts LLC	Delaware
Restaurant Holdings Limited	United Kingdom
SASA Foods Limited	United Kingdom
Scotco One Five Five Limited	United Kingdom
Scotco Trowbridge Limited	United Kingdom
Southern Fast Foods Limited f/k/a Milne Fast Foods Limited	United Kingdom
Splendid Restaurants (Harland) Limited	United Kingdom
Suffolk Fast Foods Limited	United Kingdom
Taco Bell Cantina Corp.	Delaware
Taco Bell Corp	California
Taco Bell Franchise Holder 1, LLC	Delaware
Taco Bell Franchisor Holdings, LLC	Delaware
Taco Bell Franchisor, LLC	Delaware
Taco Bell Funding, LLC	Delaware
Taco Bell IP Holder, LLC	Delaware
Taco Bell of America, LLC f/k/a Taco Bell of America, Inc.	Delaware
Taco Bell Restaurants Asia Pte., Ltd.	Singapore
Taco Bell Restaurants China-India Pte. Ltd.	Singapore
TB Asia Holdings S.à r.l.	Luxembourg
TB Asia LLC	Delaware
TB Canada Company	Canada
TB Cantina, LLC	Delaware
TB Global Holdings, Inc.	Delaware
TB International Holdings II S.à r.l.	Luxembourg
TB North America S.à r.l.	Luxembourg
TB YFI Holdco S.à r.l.	Luxembourg
TB Yum! Franchise I LP	Canada (Alberta)
TBA Services, LLC	Delaware
Tricon Global Restaurants, Inc.	North Carolina
Versailles Resto S.A.S.	France
YA Company One Pty. Ltd.	Australia
YCH S.a.r.l.	Luxembourg
YEB Holdings LLC	Delaware
YEB III LLC	Delaware
YRH Holdco Limited	United Kingdom
YRI Europe S.a.r.l.	Luxembourg
YRI Global Liquidity S.a.r.l. f/k/a Bolden Holding Sarl	Luxembourg
YRI Investment Company S.a.r.l. f/k/a Brownstone Holdings Sarl	Luxembourg
Yum Cyprus Limited	Cyprus
Yum Restaurant Services Group, LLC f/k/a Yum Restaurant Services Group, Inc.	Delaware
Yum! Asia Franchise Pte Ltd	Singapore
Yum! Asia Holdings II S.a.r.l	Luxembourg
Yum! Asia Holdings S.a.r.l	Luxembourg
Yum! Australia Equipment Pty. Ltd.	Australia
Yum! Brands Mexico Holdings II LLC	Delaware
Yum! Finance Holdings IV S.a.r.l	Luxembourg
YUM! Finance Holdings l Sarl f/k/a Sunhill Holdings Sarl	Luxembourg
Yum! Finance Holdings V S.a.r.l	Luxembourg

Yum! Franchise de Mexico, S.a.r.l.	Luxembourg
Yum! Franchise II LLP	United Kingdom
Yum! III (UK) Limited	United Kingdom
Yum! International Finance Company S.a.r.l.	Luxembourg

Yum! International Finance II S.a.r.l.	Luxembourg
Yum! International Participations LLC f/k/a Yum! International Participations S.a.r.l	Delaware
Yum! KFC Australia Holdings I LLC f/k/a Yum! Australia Holdings I LLC	Delaware
Yum! KFC Australia Holdings II LLC f/k/a Yum! Australia Holdings II LLC	Delaware
Yum! Luxembourg Investments LLC f/k/a Yum! Luxembourg Investments S.a.r.l.	Delaware
Yum! PH Australia Holdings I LLC	Delaware
Yum! PH Australia Holdings II LLC	Delaware
Yum! Restaurant Holdings	United Kingdom
Yum! Restaurantes do Brasil Ltda.	Brazil
Yum! Restaurants (India) Private Limited	India
Yum! Restaurants (NZ) Ltd.	New Zealand
Yum! Restaurants Asia Pte. Ltd.	Singapore
Yum! Restaurants Australia Pty Limited	Australia
Yum! Restaurants Europe Limited	United Kingdom
Yum! Restaurants Germany GmbH	Germany
Yum! Restaurants International (MENAPAK) Co. S.P.C.	Bahrain
Yum! Restaurants International (Thailand) Co., Ltd.	Thailand
Yum! Restaurants International Holdings, LLC f/k/a Yum! Restaurants International Holdings, Ltd.	Delaware
Yum! Restaurants International Limited	United Kingdom
Yum! Restaurants International Ltd. & Co. Kommanditgesellschaft	Germany
Yum! Restaurants International Management LLC f/k/a Yum! Restaurants International Management S.a.r.l.	Delaware
YUM! Restaurants International MENAPAK Consulting FZE.	U.A.E.
Yum! Restaurants International Russia and CIS LLC	Russian Federation
Yum! Restaurants International Russia LLC	Russian Federation
Yum! Restaurants International, Inc.	Delaware
Yum! Restaurants International, S de RL de CV	Mexico
Yum! Restaurants Limited f/k/a Valleythorn Limited	United Kingdom
Yum! Restaurants Marketing Private Limited	India
Yumsop Pty Limited	Australia

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
YUM! Brands, Inc.:

We consent to the incorporation by reference in the registration statements listed below of YUM! Brands, Inc. and Subsidiaries (YUM) of our report dated February 21, 2018, with respect to the consolidated balance sheets of YUM as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity (deficit) for each of the fiscal years in the three-year period ended December 31, 2017 and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2017, which report appears in the December 31, 2017 annual report on Form 10-K of YUM.

Our report refers to a change in YUM's fiscal year whereby YUM changed from a 52-53 week fiscal year to a fiscal year ending on December 31 of each year and eliminated any of the one-month or one-period reporting lags of its international subsidiaries.

Description	**Registration Statement Number**
Form S-3	
Debt Securities	333-188216
Form S-8	
Restaurant Deferred Compensation Program	333-36877, 333-32050
Executive Income Deferral Program	333-36955
SharePower Stock Option Plan	333-36961
YUM! Brands 401 (k) Plan	333-36893, 333-32048, 333-109300
YUM! Brands, Inc. Restaurant General Manager Stock Option Plan	333-64547
YUM! Brands, Inc. Long-Term Incentive Plan	333-32052, 333-109299, 333-170929

Louisville, Kentucky
February 21, 2018

Exhibit 31.1

CERTIFICATION

I, Greg Creed, certify that:

1. I have reviewed this report on Form 10-K of YUM! Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 21, 2018

/s/ Greg Creed

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, David W. Gibbs, certify that:

1. I have reviewed this report on Form 10-K of YUM! Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2018

/s/ David W. Gibbs

President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of YUM! Brands, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Annual Report”), I, Greg Creed, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 21, 2018

/s/ Greg Creed
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to YUM! Brands, Inc. and will be retained by YUM! Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of YUM! Brands, Inc. (the "Company") on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I, David W. Gibbs, President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 21, 2018

/s/ David W. Gibbs

President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to YUM! Brands, Inc. and will be retained by YUM! Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Document and Entity Information - USD ($)	12 Months Ended Dec. 31, 2017	Feb. 14, 2018	Jun. 30, 2017
Document And Entity Information [Abstract]			
Entity Registrant Name	YUM BRANDS INC		
Document Type	10-K		
Amendment Flag	false		
Document Period End Date	Dec. 31, 2017		
Entity Central Index Key	0001041061		
Current Fiscal Year End Date	--12-31		
Entity Well-known Seasoned Issuer	Yes		
Entity Voluntary Filers	No		
Entity Current Reporting Status	Yes		
Entity Filer Category	Large Accelerated Filer		
Entity Public Float			$ 25,400,000,000
Entity Common Stock, Shares Outstanding		332,513,103	
Document Fiscal Year Focus	2017		
Document Fiscal Period Focus	FY		

Consolidated Statements of Income - USD ($) $ in Millions	12 Months Ended		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Revenues			
Total revenues		$ 6,356	$ 6,418
Company restaurants			
Refranchising (gain) loss	$ (1,083)	(163)	23
Operating Profit	2,761	1,682	1,434
Other Pension (income) expense	[1] 47	[2] 32	[2] 40
Interest expense, net	[1] 440	305	141
Income from Continuing Operations Before Income Taxes	2,274	1,345	1,253
Income from continuing operations		1,018	926
Income from discontinued operations, net of tax		625	357
Net Income	$ 1,340	$ 1,643	$ 1,283
Basic Earnings Per Common Share (in dollars per share)	$ 3.86	$ 4.17	$ 2.95
Diluted Earnings Per Common Share (in dollars per share)	3.77	4.10	2.90
Dividends Declared Per Common Share (in dollars per share)	$ 0.90	$ 1.73	$ 1.74
Continuing Operations [Member]			
Revenues			
Company sales	$ 3,572	$ 4,189	$ 4,336
Franchise and license fees and income	2,306	2,167	2,082
Total revenues	5,878	6,356	6,418
Company restaurants			
Food and paper	1,103	1,267	1,340
Payroll and employee benefits	939	1,106	1,125
Occupancy and other operating expenses	912	1,116	1,162
Company restaurant expenses	2,954	3,489	3,627
General and administrative expenses	999	1,129	1,058
Franchise and license expenses	237	201	240
Closures and impairment (income) expenses	3	15	16
Refranchising (gain) loss	(1,083)	(163)	23
Other (income) expense	7	3	20
Operating Expenses	3,117	4,674	4,984
Operating Profit	2,761	[3] 1,682	[4] 1,434
Other Pension (income) expense	47	32	40
Interest expense, net	440	305	141
Income from Continuing Operations Before Income Taxes	2,274	1,345	1,253
Income tax provision	934	327	327
Income from continuing operations	$ 1,340	$ 1,018	$ 926
Basic Earnings Per Common Share (in dollars per share)	$ 3.86	$ 2.58	$ 2.13
Diluted Earnings Per Common Share (in dollars per share)	$ 3.77	$ 2.54	$ 2.09
Discontinued Operations [Member]			
Revenues			

Company sales			$ 5,667	[5]	$ 6,789
Franchise and license fees and income			109	[5]	120
Company restaurants					
Company restaurant expenses			4,766	[5]	5,913
General and administrative expenses	[6]		406	[5]	405
Franchise and license expenses			45	[5]	48
Closures and impairment (income) expenses			57	[5]	64
Refranchising (gain) loss			(12)	[5]	(13)
Interest expense, net			(8)	[5]	(7)
Income tax provision			(65)	[5],[7]	164
Income from discontinued operations, net of tax		$ 0	$ 625	[5]	$ 357
Basic Earnings Per Common Share (in dollars per share)			$ 1.59		$ 0.82
Diluted Earnings Per Common Share (in dollars per share)			$ 1.56		$ 0.81

[1] Amounts have not been allocated to any segment for performance reporting purposes.

[2] Amounts in 2017 include a non-cash charge of $22 million related to the adjustment of certain historical deferred vested liability balances in our qualified U.S. plan. Amounts in 2016 include a settlement charge of $24 million related to the Company allowing certain former employees with deferred vested balances in the Yum Retirement Plan an opportunity to voluntarily elect early payout of their pension benefits. See Note 5.

[3] Includes net gains from refranchising initiatives of $111 million, $19 million, $201 million and $752 million in the first, second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $7 million, $4 million, $4 million and $8 million in the first, second, third and fourth quarters, respectively, costs associated with the Pizza Hut U.S. Transformation Agreement of $12 million, $8 million and $11 million in the second, third and fourth quarters, respectively, costs associated with the KFC U.S. Acceleration Agreement of $3 million, $5 million, $4 million and $5 million in the first, second, third and fourth quarters, respectively and non-cash charges associated with the modification of share-based compensation awards in connection with the Separation of $2 million and $16 million in the first and second quarters, respectively.

[4] Includes net gains from refranchising initiatives of $54 million, $21 million and $88 million in the second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $4 million, $30 million and $33 million in the second, third and fourth quarters, respectively, a non-cash charge primarily associated with the modification of share-based compensation awards in connection with the Separation of $30 million in the fourth quarter and costs associated with KFC U.S. Acceleration Agreement of $9 million, $8 million and $9 million in the first, second and fourth quarters, respectively. See Note 5.

[5] Includes Yum China financial results from January 1, 2016 to October 31, 2016.

[6] Includes costs incurred to execute the Separation of $68 million and $9 million for 2016 and 2015, respectively. Such costs primarily relate to transaction advisors, legal and other consulting fees.

[7] During 2016, we recorded a tax benefit of $233 million related to previously recorded losses associated with our Little Sheep business. The tax benefit associated with these losses was able to be recognized as a result of legal entity restructuring completed in anticipation of the Separation.

Consolidated Statement of Comprehensive Income - USD ($) $ in Millions	12 Months Ended		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Net Income (loss) - YUM! Brands, Inc.	$ 1,340	$ 1,643	$ 1,283
Adjustments and gains (losses) arising during the year	115	(174)	(231)
Reclassifications of adjustments and (gains) losses into Net Income	55	(11)	115
Other Comprehensive Income (Loss), Foreign Currency Transaction and Translation Adjustment, before Tax	170	(185)	(116)
Tax (expense) benefit	(8)	21	0
Other Comprehensive Income (Loss), Foreign Currency Transaction and Translation Adjustment, Net of Tax	162	(164)	(116)
Unrealized gains (losses) arising during the year	(17)	(62)	101
Reclassification of (gains) losses into Net Income	52	44	53
Other Comprehensive (Income) Loss, Pension and Other Postretirement Benefit Plans, Unrealized Gains (Losses), before Tax	35	(18)	154
Tax (expense) benefit	(14)	4	(57)
Other Comprehensive (Income) Loss, Defined Benefit Plan, after Reclassification Adjustment, after Tax	21	(14)	97
Unrealized gains (losses) arising during the year	(52)	57	48
Reclassification of (gains) losses into Net Income	58	(22)	(53)
Other Comprehensive Income (Loss), Derivatives Qualifying as Hedges, before Tax	6	35	(5)
Tax (expense) benefit	(2)	(16)	0
Other Comprehensive Income (Loss), Derivatives Qualifying as Hedges, Net of Tax	4	19	(5)
Other Comprehensive Income (Loss), Net of Tax	187	(159)	(24)
Comprehensive Income - Yum! Brands, Inc.	$ 1,527	$ 1,484	$ 1,259

Consolidated Statements of Cash Flows - USD ($) $ in Millions	12 Months Ended Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Cash Flows - Operating Activities			
Net Income	$ 1,340	$ 1,643	$ 1,283
Income from discontinued operations, net of tax		(625)	(357)
Depreciation and amortization	253	310	319
Refranchising (gain) loss	(1,083)	(163)	23
Cash Flows - Investing Activities			
Proceeds from refranchising of restaurants	1,773	370	213
Continuing Operations [Member]			
Cash Flows - Operating Activities			
Depreciation and amortization	253	310	319
Closures and impairment (income) expenses	3	15	16
Refranchising (gain) loss	(1,083)	(163)	23
Contributions to defined benefit pension plans	(55)	(41)	(98)
Deferred income taxes	634	28	(101)
Share-based compensation expense	65	80	46
Changes in accounts and notes receivable	(19)	(23)	(36)
Changes in inventories	3	1	(4)
Changes in prepaid expenses and other current assets	(13)	(1)	(14)
Changes in accounts payable and other current liabilities	(173)	(40)	55
Changes in income taxes payable	(55)	20	53
Other, net	130	44	75
Net Cash Provided by Operating Activities	1,030	1,248	1,260
Cash Flows - Investing Activities			
Capital spending	(318)	(427)	(442)
Proceeds from refranchising of restaurants	1,773	370	213
Other, net	17	53	30
Net Cash Used in Investing Activities	1,472	(4)	(199)
Cash Flows - Financing Activities			
Proceeds from long-term debt	1,088	6,900	0
Repayments of long-term debt	(385)	(323)	(267)
Revolving credit facilities, three months or less, net	0	(685)	303
Short-term borrowings by original maturity			
More than three months - proceeds	0	1,400	609
More than three months - payments	0	(2,000)	0
Three months or less, net	0	0	0
Repurchase shares of Common Stock	(1,960)	(5,403)	(1,200)
Dividends paid on Common Stock	(416)	(744)	(730)
Debt issuance costs	(32)	(86)	0
Other, net	(90)	(92)	(39)

Net Cash Used in Financing Activities	(1,795)	(744)	(1,089)
Effect of Exchange Rate on Cash and Cash Equivalents	61	(34)	0
Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents - Continuing Operations	768	466	(28)
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents - Beginning of Year	831	365	393
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents - End of Year	1,599	831	365
Discontinued Operations [Member]			
Cash Flows - Operating Activities			
Income from discontinued operations, net of tax	0	(625)	[1] (357)
Closures and impairment (income) expenses		57	[1] 64
Refranchising (gain) loss		(12)	[1] (13)
Net Cash Provided by Operating Activities	0	829	931
Cash Flows - Investing Activities			
Net Cash Used in Investing Activities	0	(287)	(493)
Short-term borrowings by original maturity			
Net transfers from discontinued operations	0	289	235
Net Cash Used in Financing Activities	$ 0	$ (292)	$ (234)

[1] Includes Yum China financial results from January 1, 2016 to October 31, 2016.

Consolidated Balance Sheets - USD ($) $ in Millions	Dec. 31, 2017	Dec. 31, 2016
Current Assets		
Total Current Assets	$ 2,507	$ 1,505
Total Assets	5,311	5,453
Current Liabilities		
Short-term borrowings	375	66
Total Current Liabilities	1,512	1,306
Long-term debt	9,429	9,059
Total Liabilities	11,645	11,068
Shareholders' Equity		
Total Shareholders' Equity	(6,334)	(5,615)
Total Liabilities, Redeemable Noncontrolling Interest and Shareholders' Equity	5,311	5,453
Continuing Operations [Member]		
Current Assets		
Cash and cash equivalents	1,522	725
Accounts and notes receivable, net	400	370
Inventories	13	37
Prepaid expenses and other current assets	371	236
Advertising cooperative assets, restricted	201	137
Property, Plant and equipment, net	1,697	2,113
Goodwill	512	536
Intangible assets, net	110	151
Other assets	346	376
Deferred income taxes	139	772
Total Assets	5,311	5,453
Current Liabilities		
Accounts payable and other current liabilities	813	1,067
Income taxes payable	123	36
Short-term borrowings	375	66
Advertising cooperative liabilities	201	137
Long-term debt	9,429	9,059
Other liabilities and deferred credits	704	703
Shareholders' Equity		
Common stock, no par value, 750 shares authorized; 332 shares and 355 shares issued in 2017 and 2016, respectively	0	0
Retained earnings	(6,063)	(5,157)
Accumulated other comprehensive income (loss)	$ (271)	$ (458)

Consolidated Balance Sheets (Parenthetical) - $ / shares shares in Millions, $ / shares in Millions	Dec. 31, 2017	Dec. 31, 2016
Shareholders' Equity (Deficit)		
Common Stock, par value	$ 0	$ 0
Common Stock, shares authorized	750	750
Common Stock, shares issued	332	355

Consolidated Statements of Shareholders' Equity shares in Thousands, $ in Millions	USD ($) shares	Common Stock USD ($) shares	Retained Earnings USD ($)	Accumulated Other Comprehensive Income (Loss) USD ($)	Noncontrolling Interest USD ($)	Total Permanent Equity USD ($)	Redeemable Noncontrolling Interest USD ($)	Discontinued Operations [Member] Retained Earnings USD ($)	Discontinued Operations [Member] Accumulated Other Comprehensive Income (Loss) USD ($)	Discontinued Operations [Member] Noncontrolling Interest USD ($)	Discontinued Operations [Member] Total Permanent Equity USD ($)
Balance at Dec. 31, 2014		$ 0	$ 1,784	$ (228)	$ 57	$ 1,613	$ 9				
Balance (in shares) at Dec. 31, 2014 | shares		434,000									
Net Income (loss) - YUM! Brands, Inc.	$ 1,283		1,283								
Net Income (loss) - noncontrolling interests					6						
Net Income (loss) - including noncontrolling interest						1,289	(1)				
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature (net of tax impact)				(228)							
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature - noncontrolling interest (net of tax impact)					(4)						
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature - including noncontrolling interest (net of tax impact)						(232)	(2)				
Reclassifications of adjustments and (gains) losses into Net Income	115			112		112					
Pension and post-retirement benefit plans (net of tax impact)	97			97		97					
Net unrealized gain (loss) on derivative instruments (net of tax impact)				(5)		(5)					
Comprehensive income - including noncontrolling interests						1,261	(3)				
Dividends declared			(756)			(756)					
Noncontrolling Interest, Decrease from Redemptions or Purchase of Interests		$ (1)			1	0					
Repurchase of shares of Common Stock	$ (1,200)	$ (76)	(1,124)			(1,200)					
Repurchase of shares of Common Stock (in shares) | shares	(15,942)	(16,000)									
Employee stock option and SARs exercises (includes tax impact)		$ (7)				(7)					
Employee stock option and SARs exercises (in shares) | shares		2,000									
Compensation-related events (includes tax impact)		$ 68				68					
Balance at Dec. 31, 2015		$ 0	1,187	(252)	58	993	6				
Balance (in shares) at Dec. 31, 2015 | shares		420,000									
Other Comprehensive Income (Loss), Foreign Currency Translation Adjustment, Tax	$ 3										
Other Comprehensive Income (Loss), Foreign Currency Translation Reclassification Adjustment from AOCI, Tax	(3)										
Pension and post-retirement benefit plans (tax impact)	(57)										
Employee Stock Option And SARs Exercises Value, Tax	(50)										

Other Comprehensive Income (Loss), Reclassification Adjustment from AOCI on Derivatives, Tax	0										
Net Income (loss) - YUM! Brands, Inc.	1,643		1,643								
Net Income (loss) - noncontrolling interests					18						
Net Income (loss) - including noncontrolling interest						1,661	(7)				
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature (net of tax impact)				(153)							
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature - noncontrolling interest (net of tax impact)					(3)						
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature - including noncontrolling interest (net of tax impact)						(156)	1				
Reclassifications of adjustments and (gains) losses into Net Income	(11)			(11)		(11)					
Pension and post-retirement benefit plans (net of tax impact)	(14)			(14)		(14)					
Net unrealized gain (loss) on derivative instruments (net of tax impact)				19		19					
Comprehensive income - including noncontrolling interests						1,499	(6)				
Dividends declared			(661)		(6)	(667)					
Separation of China business								(1,927)	(47)	(67)	(2,041)
Repurchase of shares of Common Stock	$ (5,447) [1]	$ (49)	(5,399)			(5,448)					
Repurchase of shares of Common Stock (in shares) | shares	(67,963) [1]	(68,000)									
Employee stock option and SARs exercises (includes tax impact)		$ 4				4					
Employee stock option and SARs exercises (in shares) | shares		3,000									
Compensation-related events (includes tax impact)		$ 53				53					
Balance at Dec. 31, 2016	$ (5,615)	$ 0	(5,157)	(458)	0	(5,615)	0				
Balance (in shares) at Dec. 31, 2016 | shares		355,000									
Other Comprehensive Income (Loss), Foreign Currency Translation Adjustment, Tax	21										
Pension and post-retirement benefit plans (tax impact)	4										
Employee Stock Option And SARs Exercises Value, Tax	(85)										
Other Comprehensive Income (Loss), Reclassification Adjustment from AOCI on Derivatives, Tax	(16)										
Net Income (loss) - YUM! Brands, Inc.	1,340		1,340								
Net Income (loss) - including noncontrolling interest						1,340					
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature (net of tax impact)				107							

Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature - including noncontrolling interest (net of tax impact)						107	
Reclassifications of adjustments and (gains) losses into Net Income	55			55		55	
Pension and post-retirement benefit plans (net of tax impact)	21			21		21	
Net unrealized gain (loss) on derivative instruments (net of tax impact)				4		4	
Comprehensive income - including noncontrolling interests						1,527	
Dividends declared			(311)			(311)	
Repurchase of shares of Common Stock	$ (1,915) [1]	$ 0	(1,915)			(1,915)	
Repurchase of shares of Common Stock (in shares) | shares	(26,561) [1]	(27,000)					
Employee stock option and SARs exercises (includes tax impact)		$ 58	(20)			78	
Employee stock option and SARs exercises (in shares) | shares		4,000					
Compensation-related events (includes tax impact)		$ 58				58	
Balance at Dec. 31, 2017	$ (6,334)	$ 0	$ (6,063)	$ (271)	$ 0	$ (6,334)	$ 0
Balance (in shares) at Dec. 31, 2017 | shares		332,000					
Other Comprehensive Income (Loss), Foreign Currency Translation Adjustment, Tax	(8)						
Pension and post-retirement benefit plans (tax impact)	(14)						
Other Comprehensive Income (Loss), Reclassification Adjustment from AOCI on Derivatives, Tax	$ (2)						

[1] 2017 amount excludes and 2016 amount includes the effect of $45 million in share repurchases (0.7 million shares) with trade dates prior to December 31, 2016 but settlement dates subsequent to December 31, 2016.

Consolidated Statements of Shareholders' Equity (Parenthetical) - USD ($) $ in Millions	12 Months Ended		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Statement of Stockholders' Equity [Abstract]			
Other Comprehensive Income (Loss), Foreign Currency Translation Adjustment, Tax	$ (8)	$ 21	$ 3
Other Comprehensive Income (Loss), Foreign Currency Translation Reclassification Adjustment from AOCI, Tax			(3)
Pension and post-retirement benefit plans (tax impact)	(14)	4	(57)
Employee Stock Option And SARs Exercises Value, Tax		(85)	(50)
Other Comprehensive Income (Loss), Reclassification Adjustment from AOCI on Derivatives, Tax	$ (2)	$ (16)	$ 0

Description of Business	12 Months Ended Dec. 31, 2017
Organization, Consolidation and Presentation of Financial Statements [Abstract]	
Description of Business	Description of Business

Description of Business

YUM! Brands, Inc. and its Subsidiaries (collectively referred to herein as “YUM” or the “Company”) comprise the worldwide operations of KFC, Pizza Hut and Taco Bell (collectively the “Concepts”). YUM has over 45,000 units of which 60% are located outside the U.S. in more than 135 countries and territories. YUM was created as an independent, publicly-owned company on October 6, 1997 via a tax-free distribution by our former parent, PepsiCo, Inc., of our Common Stock to its shareholders. References to YUM throughout these Consolidated Financial Statements are made using the first person notations of “we,” “us” or “our.”

Through our widely-recognized Concepts, we develop, operate or franchise a system of both traditional and non-traditional quick service restaurants. The terms "franchise" or "franchisee" within these Consolidated Financial Statements are meant to describe third parties that operate units under either franchise or license agreements. Each Concept has proprietary menu items and emphasizes the preparation of food with high quality ingredients as well as unique recipes and special seasonings to provide appealing, convenient, tasty and attractive food at competitive prices. Our traditional restaurants feature dine-in, carryout and, in some instances, drive-thru or delivery service. Non-traditional units include express units and kiosks which have a more limited menu and operate in non-traditional locations like malls, airports, gasoline service stations, train stations, subways, convenience stores, stadiums, amusement parks and colleges, where a full-scale traditional outlet would not be practical or efficient. We also operate multibrand units, where two or more of our Concepts are operated in a single unit.

As of December 31, 2017, YUM consisted of three operating segments:

- The KFC Division which includes our worldwide operations of the KFC concept
- The Pizza Hut Division which includes our worldwide operations of the Pizza Hut concept
- The Taco Bell Division which includes our worldwide operations of the Taco Bell concept

On October 31, 2016 (the “Distribution Date”), we completed the spin-off of our China business (the "Separation") into an independent, publicly-traded company under the name of Yum China Holdings, Inc. (“Yum China”). On the Distribution Date, we distributed to each of our shareholders of record as of the close of business on October 19, 2016 (the “Record Date”) one share of Yum China common stock for each share of our Common Stock held as of the Record Date. The distribution was structured to be a tax free distribution to our U.S. shareholders for federal income tax purposes in the U.S. Yum China’s common stock trades on the New York Stock Exchange under the symbol “YUMC.” After the distribution, we do not beneficially own any shares of Yum China common stock.

Concurrent with the Separation, a subsidiary of the Company entered into a Master License Agreement with a subsidiary of Yum China for the exclusive right to use and sublicense the use of intellectual property owned by YUM and its affiliates for the development and operation of KFC, Pizza Hut and Taco Bell restaurants in China. Prior to the Separation, our operations in mainland China were reported in our former China Division segment results. As a result of the Separation, the results of operations and cash flows of the separated business are presented as discontinued operations in our Consolidated Statements of Income and Consolidated Statements of Cash Flows for all periods presented. See additional information related to the impact of the Separation in Note 4.

Summary of Significant Accounting Policies	12 Months Ended Dec. 31, 2017
Accounting Policies [Abstract]	
Summary of Significant Accounting Policies	

Summary of Significant Accounting Policies

Our preparation of the accompanying Consolidated Financial Statements in conformity with Generally Accepted Accounting Principles in the United States of America ("GAAP") requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Principles of Consolidation and Basis of Preparation. Intercompany accounts and transactions have been eliminated in consolidation. We consolidate entities in which we have a controlling financial interest, the usual condition of which is ownership of a majority voting interest. We also consider for consolidation an entity, in which we have certain interests, where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity ("VIE"), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it.

Our most significant variable interests are in entities that operate restaurants under our Concepts' franchise and license arrangements. We do not have an equity interest in any of our franchisee businesses. Additionally, we do not typically provide significant financial support such as loans or guarantees to our franchisees. However, we do have variable interests in certain franchisees through real estate lease arrangements to which we are a party. At the end of 2017, YUM has future lease payments due from franchisees, on a nominal basis, of approximately $725 million, and we are contingently liable on certain other lease agreements that have been assigned to franchisees. See the Lease Guarantees and Franchise Loan Pool and Equipment Guarantees sections in Note 20. As our franchise and license arrangements provide our franchisee entities the power to direct the activities that most significantly impact their economic performance, we do not consider ourselves the primary beneficiary of any such entity that might otherwise be considered a VIE.

See Note 20 for additional information on our entity that operates a franchise lending program that is a VIE in which we have a variable interest but for which we are not the primary beneficiary and thus do not consolidate.

We participate in various advertising cooperatives with our franchisees established to collect and administer funds contributed for use in advertising and promotional programs designed to increase sales and enhance the reputation of the Company and its franchise owners. Contributions to the advertising cooperatives are required for both Company-owned and franchise restaurants and are generally based on a percentage of restaurant sales. We maintain certain variable interests in these cooperatives. As the cooperatives are required to spend all funds collected on advertising and promotional programs, total equity at risk is not sufficient to permit the cooperatives to finance their activities without additional subordinated financial support. Therefore, these cooperatives are VIEs. As a result of our voting rights, we consolidate certain of these cooperatives for which we are the primary beneficiary. Advertising cooperative assets, consisting primarily of cash received from the Company and franchisees and accounts receivable from franchisees, can only be used to settle obligations of the respective cooperative. Advertising cooperative liabilities represent the corresponding obligation arising from the receipt of the contributions to purchase advertising and promotional programs for which creditors do not have recourse to the general credit of the Company as the primary beneficiary. Therefore, we report all assets and liabilities of these advertising cooperatives that we consolidate as Advertising cooperative assets, restricted and Advertising cooperative liabilities in the Consolidated Balance Sheet. As the contributions to these cooperatives are designated and segregated for advertising, we act as an agent for the franchisees with regard to these contributions. Thus, we do not reflect franchisee contributions to these cooperatives in our Consolidated Statements of Income or Consolidated Statements of Cash Flows.

Fiscal Year. Our fiscal years have historically ended on the last Saturday in December and, as a result, a 53rd week was added every five or six years. The first three quarters of each fiscal year consisted of 12 weeks and the fourth quarter consisted of 16 weeks in fiscal years with 52 weeks and 17 weeks in fiscal years with 53 weeks. Our U.S. subsidiaries and certain international subsidiaries operated on similar fiscal calendars. Our remaining international subsidiaries operated on a monthly calendar, and thus never had a 53rd week, with two months in the first quarter, three months in the second and third quarters and four months in the fourth quarter. Certain international subsidiaries within our KFC, Pizza Hut and Taco Bell divisions have historically closed approximately one month or one period earlier to facilitate consolidated reporting.

Fiscal year 2016 included 53 weeks for our U.S. businesses and for our international subsidiaries that reported on a period calendar. The 53rd week added $76 million to Total revenues and $28 million to Operating Profit in our 2016 Consolidated Statement of Income.

On January 27, 2017, YUM's Board of Directors approved a change in the Company's fiscal year from a year ending on the last Saturday of December to a year beginning on January 1 and ending December 31 of each year, commencing with the year ending December 31, 2017. In connection with this change, the Company moved from a 52-week periodic fiscal calendar with three 12-week interim quarters and a 16-week fourth quarter to a monthly reporting calendar with each quarter comprised of three months. Our U.S. subsidiaries continue to report on a period calendar as described above.

Concurrent with the change in the Company's fiscal year, we also eliminated the one month or one period reporting lags of our international subsidiaries. As a result of removing these reporting lags, each international subsidiary operates either on a monthly calendar consistent with the Company's new calendar or on a periodic calendar consistent with our U.S. subsidiaries. We believe this change in our international subsidiary reporting calendars and the resulting elimination of reporting lags is preferable because a more current reporting calendar allows the Consolidated Financial Statements to more consistently and more timely reflect the impact of current events, economic conditions and global trends.

The change to the Company's fiscal year and removal of the international reporting lags is effective in 2017. We have applied this change in accounting principle retrospectively to all prior financial periods presented and the impact of this change is summarized in Note 5. The impact of the change in accounting principle on the current period Consolidated Financial Statements is similar to the impact on the prior period results discussed in Note 5.

Foreign Currency. The functional currency of our foreign entities is the currency of the primary economic environment in which the entity operates. Functional currency determinations are made based upon a number of economic factors, including but not limited to cash flows and financing transactions. The operations, assets and liabilities of our entities outside the U.S. are initially measured using the functional currency of that entity. Income and expense accounts for our operations of these foreign entities are then translated into U.S. dollars at the average exchange rates prevailing during the period. Assets and liabilities of these foreign entities are then translated into U.S. dollars at exchange rates in effect at the balance sheet date. As of December 31, 2017, net cumulative translation adjustment losses of $174 million are recorded in Accumulated other comprehensive loss ("AOCI") in the Consolidated Balance Sheet.

The majority of our foreign currency net asset exposure is in countries where we have Company-owned restaurants. As we manage and share resources at the individual brand level within a country, cumulative translation adjustments are recorded and tracked at the foreign-entity level that represents the operations of our individual brands within that country. Translation adjustments recorded in AOCI are subsequently recognized as income or expense generally only upon sale of the related investment in a foreign entity, or upon a sale of assets and liabilities within a foreign entity that represents a complete or substantially complete liquidation of that foreign entity. For purposes of determining whether a sale or complete or substantially complete liquidation of an investment in a foreign entity has occurred, we consider those same foreign entities for which we record and track cumulative translation adjustments.

Gains and losses arising from the impact of foreign currency exchange rate fluctuations on transactions in foreign currency are included in Other (income) expense in our Consolidated Statements of Income.

Reclassifications. We have reclassified certain items in the Consolidated Financial Statements for prior periods to be comparable with the classification for the fiscal year ended December 31, 2017. These reclassifications had no effect on previously reported Net Income, as restated.

Franchise Operations. We execute store-level franchise agreements for units operated by third parties which set out the terms of our arrangement with the franchisee. Our franchise agreements typically require the franchisee to pay an initial, non-refundable fee upon an individual store opening and continuing fees based upon a percentage of sales. Subject to our approval and their payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration. Additionally, we execute master franchise agreements in certain regions that transfer administrative and development obligations and sub-franchising rights to a franchisee in exchange for reduced franchise fees.

The internal costs we incur to provide support services to our franchisees are charged to General and administrative expenses ("G&A") as incurred. Certain direct costs of our franchise operations are charged to Franchise and license expenses. These costs include provisions for estimated uncollectible fees, rent or depreciation expense associated with restaurants we lease or sublease to franchisees, franchise marketing funding, amortization expense for franchise-related intangible assets, value added taxes on royalties and certain other direct incremental franchise support costs.

Revenue Recognition. Revenues from Company-owned restaurants are recognized when payment is tendered at the time of sale. The Company presents sales net of sales-related taxes. Income from our franchisees includes initial fees, continuing fees, renewal fees and rental income from restaurants we lease or sublease to them. We recognize initial fees received from a franchisee as revenue when we have performed substantially all initial services required by the franchise agreement, which is generally upon the opening of a store. We recognize continuing fees, which are based upon a percentage of franchisee sales as those sales occur and rental income is recognized as it is earned. We recognize renewal fees when a renewal agreement with a franchisee becomes effective.

While the majority of our franchise agreements are entered into with terms and conditions consistent with those at a prevailing market rate, there are instances when we enter into franchise agreements with terms that are not at market rates (for example, below-market continuing fees) for a specified period of time. We recognize the estimated value of terms in franchise agreements entered into concurrently with a refranchising transaction that are not consistent with market terms as part of the upfront Refranchising (gain) loss and amortize that amount into Franchise and license fees and income over the period such terms are in effect. The value of terms that are not considered to be at market within franchise agreements is estimated based upon the difference between the present value of the cash expected to be received under the franchise agreement and the present value of the cash that would have been expected to be received under a franchise agreement with terms substantially consistent with market.

Direct Marketing Costs. To the extent we participate in advertising cooperatives, we expense our contributions as incurred which are based on a percentage of sales. We charge direct marketing costs incurred outside of a cooperative to expense ratably in relation to revenues over the year in which incurred and, in the case of advertising production costs, in the year the advertisement is first
shown. Deferred direct marketing costs, which are classified as prepaid expenses, consist of media and related advertising production costs which will generally be used for the first time in the next

fiscal year and have historically not been significant. Our advertising expenses were $245 million, $260 million and $253 million in 2017, 2016 and 2015, respectively. We report the majority of our direct marketing costs in Occupancy and other operating expenses as they are incurred as a percentage of sales by Company-owned restaurants. Advertising incurred on behalf of franchised restaurants is recorded within Franchise and license expenses, including $25 million related to the Pizza Hut U.S. Transformation Agreement and $20 million related to the KFC U.S. Acceleration Agreement in 2017. See Note 5 for further discussion of these agreements.

Research and Development Expenses. Research and development expenses, which we expense as incurred, are reported in G&A. Research and development expenses were $22 million, $24 million and $23 million in 2017, 2016 and 2015, respectively.

Share-Based Employee Compensation. We recognize ongoing share-based payments to employees, including grants of employee stock options and stock appreciation rights ("SARs"), in the Consolidated Financial Statements as compensation cost over the service period based on their fair value on the date of grant. This compensation cost is recognized over the service period on a straight-line basis, net of an assumed forfeiture rate, for awards that actually vest. We present this compensation cost consistent with the other compensation costs for the employee recipient in either Payroll and employee benefits or G&A. See Note 16 for further discussion of our share-based compensation plans.

Legal Costs. Settlement costs are accrued when they are deemed probable and reasonably estimable. Anticipated legal fees related to self-insured workers' compensation, employment practices liability, general liability, automobile liability, product liability and property losses (collectively, "property and casualty losses") are accrued when deemed probable and reasonably estimable. Legal fees not related to self-insured property and casualty losses are recognized as incurred. See Note 20 for further discussion of our legal proceedings.

Impairment or Disposal of Property, Plant and Equipment. Property, plant and equipment ("PP&E") is tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. The assets are not recoverable if their carrying value is less than the undiscounted cash flows we expect to generate from such assets. If the assets are not deemed to be recoverable, impairment is measured based on the excess of their carrying value over their fair value.

For purposes of impairment testing for our restaurants, we have concluded that an individual restaurant is the lowest level of independent cash flows unless it is more likely than not that we will refranchise restaurants as a group. We review our long-lived assets of such individual restaurants (primarily PP&E and allocated intangible assets subject to amortization) semi-annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable. We use two consecutive years of operating losses as our primary indicator of potential impairment for our semi-annual impairment testing of these restaurant assets. We evaluate the recoverability of these restaurant assets by comparing the estimated undiscounted future cash flows, which are based on our entity-specific assumptions, to the carrying value of such assets. For restaurant assets that are not deemed to be recoverable, we write-down an impaired restaurant to its estimated fair value, which becomes its new cost basis. Fair value is an estimate of the price a franchisee would pay for the restaurant and its related assets and is determined by discounting the estimated future after-tax cash flows of the restaurant, which include a deduction for royalties we would receive under a franchise agreement with terms substantially at market. The after-tax cash flows incorporate reasonable assumptions we believe a franchisee would make such as sales growth and margin improvement. The discount rate used in the fair value calculation is our estimate of the required rate of return that a franchisee would expect to receive when purchasing a similar restaurant and the related long-lived assets. The discount rate incorporates rates of returns for historical refranchising market transactions and is commensurate with the risks and uncertainty inherent in the forecasted cash flows.

In executing our refranchising initiatives, we most often offer groups of restaurants for sale. When we believe it is more likely than not a restaurant or groups of restaurants will be refranchised for a price less than their carrying value, but do not believe the restaurant(s) have met the criteria to be classified as held for sale, we review the restaurants for impairment. We evaluate the recoverability of these restaurant assets by comparing estimated sales proceeds plus holding period cash flows, if any, to the carrying value of the restaurant or group of restaurants. For restaurant assets that are not deemed to be recoverable, we recognize impairment for any excess of carrying value over the fair value of the restaurants, which is based on the expected net sales proceeds. To the extent ongoing agreements to be entered into with the franchisee simultaneous with the refranchising are expected to contain terms, such as royalty rates, not at prevailing market rates, we consider the off-market terms in our impairment evaluation. We recognize any such impairment charges in Refranchising (gain) loss. Refranchising (gain) loss includes the gains or losses from the sales of our restaurants to new and existing franchisees, including any impairment charges discussed above, and associated termination, relocation or retention costs associated with store-level employees of refranchised stores or employees of restaurant-support centers which we have closed due to refranchising. We recognize gains on restaurant refranchisings when the sale transaction closes and control of the restaurant operations have transferred to the franchisee.

When we decide to close a restaurant, it is reviewed for impairment and depreciable lives are adjusted based on the expected disposal date. Other costs incurred when closing a restaurant such as costs of disposing of the assets as well as other facility-related expenses from previously closed stores are generally expensed as incurred. Additionally, at the date we cease using a property under an operating lease, we record a liability for the net present value of any remaining lease obligations, net of estimated sublease income, if any. Any costs recorded upon store closure as well as any subsequent adjustments to liabilities for remaining lease obligations as a result of lease termination or changes in estimates of sublease income are recorded in Closures and impairment (income) expenses. To the extent we sell assets, primarily land, associated with a closed store, any gain or loss upon that sale is also recorded in Closures and impairment (income) expenses.

Considerable management judgment is necessary to estimate future cash flows, including cash flows from continuing use, terminal value, sublease income and refranchising proceeds. Accordingly, actual results could vary significantly from our estimates.

Guarantees. We recognize, at inception of a guarantee, a liability for the fair value of certain obligations undertaken. The majority of our guarantees are issued as a result of assigning our interest in obligations under operating leases as a condition to the refranchising of certain Company restaurants. We recognize a liability for the fair value of such lease guarantees upon refranchising and upon subsequent renewals of such leases when we remain contingently liable. The related expense and any subsequent changes are included in Refranchising (gain) loss. Any expense and subsequent changes in the guarantees for other franchise support guarantees not associated with a refranchising transaction are included in Franchise and license expense.

Income Taxes. We record deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as operating loss, capital loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences or carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in our Income tax provision in the period that includes the enactment date. Additionally, in determining the need for recording a valuation allowance against the carrying amount of deferred tax assets, we consider the amount of taxable income and periods over which it must be earned, actual levels of past taxable income and known trends and events or transactions that are expected to affect future levels of taxable income. Where we determine that it is more likely than not that all or a portion of an asset will not be realized, we record a valuation allowance.

We recognize the benefit of positions taken or expected to be taken in our tax returns in our income tax provision when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. We evaluate these amounts on a quarterly basis to ensure that they have been appropriately adjusted for audit settlements and other events we believe may impact the outcome. Changes in judgment that result in subsequent recognition, derecognition or a change in measurement of a tax position taken in a prior annual period (including any related interest and penalties) are recognized as a discrete item in the interim period in which the change occurs. We recognize accrued interest and penalties related to unrecognized tax benefits as components of our income tax provision.

We do not record a deferred tax liability for unremitted earnings of our foreign subsidiaries (except for the U.S. tax provided for as part of the Tax Act enacted on December 22, 2017, see Note 18) to the extent that the earnings meet the indefinite reversal criteria. This criteria is met if the foreign subsidiary has invested, or will invest, the earnings indefinitely. The decision as to the amount of unremitted earnings that we intend to maintain in non-U.S. subsidiaries considers items including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity plans and expected cash requirements in the U.S.

See Note 18 for a further discussion of our income taxes.

Fair Value Measurements. Fair value is the price we would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. For those assets and liabilities we record or disclose at fair value, we determine fair value based upon the quoted market price, if available. If a quoted market price is not available for identical assets, we determine fair value based upon the quoted market price of similar assets or the present value of expected future cash flows considering the risks involved, including counterparty performance risk if appropriate, and using discount rates appropriate for the duration. The fair values are assigned a level within the fair value hierarchy, depending on the source of the inputs into the calculation.

Level 1	Inputs based upon quoted prices in active markets for identical assets.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
Level 3	Inputs that are unobservable for the asset.

Cash and Cash Equivalents. Cash equivalents represent funds we have temporarily invested (with original maturities not exceeding three months), including short-term, highly liquid debt securities. Cash and overdraft balances that meet the criteria for right of setoff are presented net on our Consolidated Balance Sheet.

Receivables. The Company's receivables are primarily generated from ongoing business relationships with our franchisees as a result of franchise and lease agreements. Trade receivables consisting of royalties from franchisees, including Yum China, are generally due within 30 days of the period in which the corresponding sales occur and are classified as Accounts and notes receivable, net on our Consolidated Balance Sheet. Yum China is our largest franchisee and we recorded franchise fee revenues of approximately $260 million from Yum China in 2017. Our provision for uncollectible franchisee receivable balances is based upon pre-defined aging criteria or upon the occurrence of other events that indicate that we may not collect the balance due. Additionally, we monitor the financial condition of our franchisees and record provisions for estimated losses on receivables when we believe it probable that our franchisees will be unable to make their required payments. While we use the best information available in making our determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond our control. We recorded $5 million, less than $1 million and $6 million in net provisions within Franchise and license expenses in 2017, 2016 and 2015, respectively, related to uncollectible franchise and license trade receivables.Trade receivables that are ultimately deemed to be uncollectible, and for which collection efforts have been exhausted, are written off against the allowance for doubtful accounts.

	2017	2016
Accounts and notes receivable	$ 419	$ 384
Allowance for doubtful accounts	(19)	(14)
Accounts and notes receivable, net	$ 400	$ 370

Our financing receivables primarily consist of notes receivables and direct financing leases with franchisees which we enter into from time-to-time. As these receivables primarily relate to our ongoing business agreements with franchisees, we consider such receivables to have similar risk characteristics and evaluate them as one collective portfolio segment and class for determining the allowance for doubtful accounts. We monitor the financial condition of our franchisees and record provisions for estimated losses on receivables when we believe it is probable that our franchisees will be unable to make their required payments. Balances of notes receivable and direct financing leases due within one year are included in Accounts and notes receivable, net while amounts due beyond one year are included in Other assets. Amounts included in Other assets totaled $38 million and $29 million (net of an allowance of $2 million) at December 31, 2017 and December 31, 2016, respectively. Financing receivables that are ultimately deemed to be uncollectible, and for which collection efforts have been exhausted, are written off against the allowance for doubtful accounts. Interest income recorded on financing receivables has historically been insignificant.

Inventories. We value our inventories at the lower of cost (computed on the first-in, first-out method) or market.

Property, Plant and Equipment. We state PP&E at cost less accumulated depreciation and amortization. We calculate depreciation and amortization on a straight-line basis over the estimated useful lives of the assets as follows: 5 to 25 years for buildings and leasehold improvements, 3 to 20 years for machinery and equipment and 3 to 7 years for capitalized software costs. We suspend depreciation and amortization on assets that are held for sale.

Leases and Leasehold Improvements. The Company leases land, buildings or both for certain of its restaurants and restaurant support centers worldwide. The length of our lease terms, which vary by country and often include renewal options, are an important factor in determining the appropriate accounting for leases including the initial classification of the lease as capital or operating and the timing of recognition of rent expense over the duration of the lease. We include renewal option periods in determining the term of our leases when failure to renew the lease would impose a penalty on the Company in such an amount that a renewal appears to be reasonably assured at the inception of the lease. The primary penalty to which we are subject is the economic detriment associated with the existence of leasehold improvements which might be impaired if we choose not to continue
the use of the leased property. Leasehold improvements are amortized over the shorter of their estimated useful lives or the lease term. We generally do not receive leasehold improvement incentives upon opening a store that is subject to a lease.

We expense rent associated with leased land or buildings while a restaurant is being constructed whether rent is paid or we are subject to a rent holiday. Additionally, certain of the Company's operating leases contain predetermined fixed escalations of the minimum rent during the lease term. For leases with fixed escalating payments and/or rent holidays, we record rent expense on a straight-line basis over the lease term, including any option periods considered in the determination of that lease term. Contingent rentals are based on sales levels in excess of stipulated amounts, and thus are not considered minimum lease payments and are included in rent expense when attainment of the contingency is considered probable (e.g. when Company sales occur).

Internal Development Costs and Abandoned Site Costs. We capitalize direct costs associated with the site acquisition and construction of a Company unit on that site, including direct internal payroll and payroll-related costs. Only those site-specific costs incurred subsequent to the time that the site acquisition is considered probable are capitalized. If we subsequently make a determination that it is probable a site for which internal development costs have been capitalized will not be acquired or developed, any previously capitalized internal development costs are expensed and included in G&A.

Goodwill and Intangible Assets. From time-to-time, the Company acquires restaurants from one of our Concept's franchisees or acquires another business. Goodwill from these acquisitions represents the excess of the cost of a business acquired over the net of the amounts assigned to assets acquired, including identifiable intangible assets and liabilities assumed. Goodwill is not amortized and has been assigned to reporting units for purposes of impairment testing. Our reporting units are our business units (which are aligned based on geography) in our KFC, Pizza Hut and Taco Bell Divisions.

We evaluate goodwill for impairment on an annual basis or more often if an event occurs or circumstances change that indicate impairment might exist. We have selected the beginning of our fourth quarter as the date on which to perform our ongoing annual impairment test for goodwill. We may elect to perform a qualitative assessment for our reporting units to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying value. If a qualitative assessment is not performed, or if as a result of a qualitative assessment it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, then the reporting unit's fair value is compared to its carrying value. Fair value is the price a willing buyer would pay for a reporting unit, and is generally estimated using discounted expected future after-tax cash flows from Company-owned restaurant operations and franchise royalties. The discount rate is our estimate of the required rate of return that a third-party buyer would expect to receive when purchasing a business from us that constitutes a reporting unit. We believe the discount rate is commensurate with the risks and uncertainty inherent in the forecasted cash flows. If the carrying value of a reporting unit exceeds its fair value, goodwill is written down to its implied fair value.

If we record goodwill upon acquisition of a restaurant(s) from a franchisee and such restaurant(s) is then sold within two years of acquisition, the goodwill associated with the acquired restaurant(s) is written off in its entirety. If the restaurant is refranchised two years or more subsequent to its acquisition, we include goodwill in the carrying amount of the restaurants disposed of based on the relative fair values of the portion of the reporting unit disposed of in the refranchising and the portion of the reporting unit that will be retained. The fair value of the portion of the reporting unit disposed of in a refranchising is determined by reference to the discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee, which includes a deduction for the anticipated, future royalties the franchisee will pay us associated with the franchise agreement entered into simultaneously with the refranchising transition. The fair value of the reporting unit retained is based on the price a willing buyer would pay for the reporting unit and includes the value of franchise agreements. Appropriate adjustments are made if a franchise agreement includes terms that are determined to not be at prevailing market rates. As such, the fair value of the reporting unit retained can include expected cash flows from future royalties from those restaurants currently being refranchised, future royalties from existing franchise businesses and company restaurant operations. As a result, the percentage of a reporting unit's goodwill that will be written off in a refranchising transaction will be less than the percentage of the reporting unit's Company-owned restaurants that are refranchised in that transaction and goodwill can be allocated to a reporting unit with only franchise restaurants.

Our definite-lived intangible assets that are not allocated to an individual restaurant are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. An intangible asset that is deemed not recoverable on an undiscounted basis is written down to its estimated fair value, which is our estimate of the price a willing buyer would pay for the intangible asset based on discounted expected future after-tax cash flows. For purposes of our impairment analysis, we update the cash flows that were initially used to value the definite-lived intangible asset to reflect our current estimates and assumptions over the asset's future remaining life.

Derivative Financial Instruments. We use derivative instruments primarily to hedge interest rate and foreign currency risks. These derivative contracts are entered into with financial institutions.

We do not use derivative instruments for trading purposes and we have procedures in place to monitor and control their use.

We record all derivative instruments on our Consolidated Balance Sheet at fair value. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative instrument is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Any ineffective portion of the gain or loss on the derivative instrument for a cash flow hedge is recorded in the results of operations immediately. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in the results of operations immediately.

As a result of the use of derivative instruments, the Company is exposed to risk that the counterparties will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into contracts with carefully selected major financial institutions based upon their credit ratings and other factors, and continually assess the creditworthiness of counterparties. At December 31, 2017 and December 31, 2016, all of the counterparties to our interest rate swaps, foreign currency swaps and foreign currency forwards had investment grade ratings according to the three major ratings agencies. To date, all counterparties have performed in accordance with their contractual obligations.

Common Stock Share Repurchases. From time-to-time, we repurchase shares of our Common Stock under share repurchase programs authorized by our Board of Directors. Shares repurchased constitute authorized, but unissued shares under the North Carolina laws under which we are incorporated. Additionally, our Common Stock has no par or stated value. Accordingly, we record the full value of share repurchases, or other deductions to Common Stock such as shares cancelled upon employee share-based award exercises, upon the trade date, against Common Stock on our Consolidated Balance Sheet except when to do so would result in a negative balance in such Common Stock account. In such instances, on a period basis, we record the cost of any further share repurchases, or other deductions to Common Stock such as shares cancelled upon employee share-based award exercises, as an addition to Accumulated deficit. Due to the large number of share repurchases of our stock over the past several years, our Common Stock balance is frequently zero at the end of any period. Accordingly, $1,915 million, $5,399 million and $1,124 million in share repurchases in 2017, 2016 and 2015, respectively, and $20 million related to shares cancelled upon employee share-based award exercises in 2017 were recorded as an addition to Accumulated deficit. See Note 17 for additional information on our share repurchases.

Pension and Post-retirement Medical Benefits. We measure and recognize the overfunded or underfunded status of our pension and post-retirement plans as an asset or liability in our Consolidated Balance Sheet as of our fiscal year end. The funded status represents the difference between the projected benefit obligations and the fair value of plan assets, which is calculated on a plan-by-plan basis. The projected benefit obligation and related funded status are determined using assumptions as of the end of each year. The projected benefit obligation is the present value of benefits earned to date by plan participants, including the effect of future salary increases, as applicable. The difference between the projected benefit obligations and the fair value of plan assets that has not previously been recognized in our Consolidated Statement of Income is recorded as a component of AOCI.

The net periodic benefit costs associated with the Company's defined benefit pension and post-retirement medical plans are determined using assumptions regarding the projected benefit obligation and, for funded plans, the market-related value of plan assets as of the beginning of each year, or remeasurement period, it applicable. We record the service cost component of net periodic benefit costs in G&A. Non-service cost components are recorded in Other pension (income) expense. We have elected to use a market-related value of plan assets to calculate the expected return on assets, net of administrative and investment fees paid from plan assets, in net periodic benefit costs. We recognize differences in the fair value versus the market-related value of plan assets evenly over five years. For each individual plan we amortize into pension expense the net amounts in AOCI, as adjusted for the difference between the fair value and market-related value of plan assets, to the extent that such amounts exceed 10% of the greater of a plan's projected benefit obligation or market-related value of assets, over the remaining service period of active participants in the plan or, for plans with no active participants, over the expected average life expectancy of the inactive participants in the plan. We record a curtailment when an event occurs that significantly reduces the expected years of future service or eliminates the accrual of defined benefits for the future services of a significant number of employees. We record a curtailment gain when the employees who are entitled to the benefits terminate their employment; we record a curtailment loss when it becomes probable a loss will occur.

We recognize settlement gains or losses only when we have determined that the cost of all settlements in a year will exceed the sum of the service and interest costs within an individual plan.

Recent Accounting Pronouncements. The Financial Accounting Standards Board ("FASB") has issued standards to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. These standards are effective for the Company in our first quarter of 2018 and we will adopt the standards using the modified retrospective method. Upon adoption, we will record an increase in Total Shareholders' Deficit of approximately $230 million on our Consolidated Balance Sheet, which includes the impact to deferred taxes from adopting the standards. We expect the adoption of the standards to negatively impact 2018 Operating Profit by approximately $45 million. Significant changes to the Company's accounting policies are summarized below.

These standards require that the transaction price received from customers be allocated to each separate and distinct performance obligation. The transaction price attributable to each separate and distinct performance obligation is then recognized as the performance obligations are satisfied. The services we provide related to upfront fees we receive from franchisees such as initial or renewal fees do not contain separate and distinct performance obligations from the franchise right and thus those upfront fees will be recognized as revenue over the term of each respective franchise agreement. We currently recognize upfront franchise fees such as initial and renewal fees when the related services have been provided, which is when a store opens for initial fees and when renewal options become effective for renewal fees. These standards require any unamortized portion of fees received prior to adoption be presented in our Consolidated Balance Sheet as a contract liability. Upon adoption we expect the recognition of unamortized upfront fees to increase Total Liabilities by approximately $390 million.

Similarly, the benefits we receive from incentive payments we may make to our franchisees (e.g. equipment funding provided under the KFC U.S. Acceleration Agreement, see Note 5) are not separate and distinct from the benefits we receive from the franchise right and thus those incentive payments will be amortized as a reduction of revenue over the period of expected cash flows from the franchise agreements to which the payment relates. Currently, we recognize any payments made to franchisees within our Consolidated Statements of Income when we are obligated to make the payment. These standards require any such unamortized portion of payments prior to adoption to be presented in our Consolidated Balance Sheet as an asset. Upon adoption we expect the recognition of unamortized incentive payments to increase Total Assets by approximately $140 million.

These standards will also have an impact on transactions currently not included in our revenues and expenses such as franchisee contributions to and subsequent expenditures from advertising cooperatives that we are required to consolidate and other cost reimbursement arrangements we have with our franchisees. We do not currently include these contributions and expenditures in our Consolidated Statements of Income or Cash Flows. The new standards will impact the principal/agent determinations in these arrangements by superseding industry-specific guidance included in current GAAP. When we are the principal in these transactions we will include the related contributions and expenditures within our Consolidated Statements of Income and Cash Flows. As a result of this change, we expect the increase in both Total revenues and Total costs and expenses, net in 2018 will approximate $1.0 billion, with no significant impact to Net Income. The assets and liabilities held by advertising cooperatives, which have historically been reported as Advertising cooperative assets, restricted and Advertising cooperative liabilities, respectively, will be included within the respective balance sheet caption to which the assets and liabilities relate.

These standards will not impact the recognition of our two largest sources of revenue, sales in company-owned restaurants and sales-based continuing fees from franchisees. Additionally, the new standards will not impact the recognition of refranchising gains and losses as these transactions are divestitures of businesses and thus outside the scope of the standards.

We are evaluating the impact of the standards on our disclosures of the Company's revenues. Further, we are currently implementing internal controls related to the recognition and presentation of the Company's revenues under these new standards.

In March 2016, the FASB issued guidance related to stock-based compensation which is intended to simplify several aspects of the accounting for employee share-based payment transactions, including their income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. We adopted this standard beginning with the quarter ended March 31, 2017.

The impact of adoption included the recognition of excess tax benefits within our income tax provision for share-based payments made of $117 million during the year ended December 31, 2017. Additionally, the standard requires these excess tax benefits be reported as operating activities in the Consolidated Statements of Cash Flows as opposed to within financing activities as they have been historically reported. We elected retrospective presentation of excess tax benefits as operating cash flows for prior years. As a result, $83 million and $46 million of excess tax benefits previously presented as a financing activity have been reclassified to operating activities for the years ended December 31, 2016 and 2015, respectively, in our Consolidated Statements of Cash Flows. No other provisions of this standard had a material impact on the Company's Consolidated Financial Statements or disclosures.

In March 2017, the FASB issued guidance on the presentation of net periodic pension cost and net periodic postretirement benefit cost (collectively, "Benefit Costs"). The standard does not change the requirement that an employer report the service cost component of these Benefit Costs in the same line item or items as other compensation costs arising from services rendered by employees during the period. However, the standard requires that the non-service components of these Benefit Costs be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. We early adopted the standard beginning with the quarter ended March 31, 2017, on a retrospective basis. As a result, for 2016 and 2015, we have reclassified $32 million and $40 million, respectively, related to non-service components of Benefit Costs from their prior Financial Statement captions (Payroll and employee benefits and G&A) into a new Financial Statement caption titled Other pension (income) expense in our Consolidated Statements of Income. The adoption of this standard does not impact Net Income.

Earnings Per Common Share ("EPS")	**12 Months Ended Dec. 31, 2017**
Earnings Per Share [Abstract]	
Earnings Per Common Share (EPS)	**Earnings Per Common Share (“EPS”)**

	2017	2016	2015
Income from continuing operations	$ 1,340	$ 1,018	$ 926
Income from discontinued operations	N/A	625	357
Net Income	$ 1,340	$ 1,643	$ 1,283
Weighted-average common shares outstanding (for basic calculation)	347	394	435
Effect of dilutive share-based employee compensation	8	6	8
Weighted-average common and dilutive potential common shares outstanding (for diluted calculation)	355	400	443
Basic EPS from continuing operations	$ 3.86	$ 2.58	$ 2.13
Basic EPS from discontinued operations	N/A	1.59	0.82
Basic EPS	$ 3.86	$ 4.17	$ 2.95
Diluted EPS from continuing operations	$ 3.77	$ 2.54	$ 2.09
Diluted EPS from discontinued operations	N/A	1.56	$ 0.81
Diluted EPS	$ 3.77	$ 4.10	$ 2.90
Unexercised employee stock options and stock appreciation rights (in millions) excluded from the diluted EPS computation[a]	2.3	5.0	4.5

(a)
These unexercised employee stock options and stock appreciation rights were not included in the computation of diluted EPS because to do so would have been antidilutive for the periods presented.

Discontinued Operations	12 Months Ended Dec. 31, 2017
Discontinued Operations and Disposal Groups [Abstract]	
Disposal Groups, Including Discontinued Operations, Disclosure [Text Block]	Discontinued Operations

Discontinued Operations

As discussed in Note 1, on October 31, 2016, the Company completed the Separation of our China business.

In connection with the Separation, the Company and Yum China entered into a Separation and Distribution Agreement as well as various other agreements that provide a framework for the relationships between the parties, including among others a Tax Matters Agreement, an Employee Matters Agreement, a Transition Services Agreement and a Master License Agreement. These agreements provided for the allocation between the Company and Yum China of assets, employees, liabilities and obligations (including investments, property, employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after the Separation and govern certain relationships between the Company and Yum China after the Separation.

For all the periods prior to the Separation, the financial results of Yum China are presented as Income from discontinued operations, net of tax in the Consolidated Statements of Income and Cash flows from discontinued operations in our Consolidated Statements of Cash Flows.

The financial results of Yum China presented in discontinued operations reflect the results of the former China Division, an operating segment of the Company until the Separation, adjusted for the inclusion of certain G&A, non-cash impairment charges, refranchising gains, interest and income taxes that were previously not allocated to but were related to the former China Division's historical results of operations.

Additionally, these financial results reflect a deduction for royalties on sales of KFC and Pizza Hut Company-owned stores in China that prior to the Separation were paid, pursuant to an intercompany franchise agreement, by an entity of Yum China to a Company entity. This royalty expense was not reflected in our China Division results that were presented prior to the Separation, as it was then an intercompany transaction that was eliminated in consolidation, but has been reflected in our Company's discontinued operations as such royalty arrangement continued pursuant to the Master License Agreement. Additionally, our China Division results that were presented prior to the Separation have been adjusted to exclude the portion of the royalties paid by third-party franchisees in China that have historically and continue to be remitted to a Company entity. These adjustments to our previously presented China Division results in determining Income from discontinued operations, net of tax were offset by adjustments to our KFC and Pizza Hut Divisions' results such that there was no impact on total reported Net Income.

The following table presents the financial results of the Company’s discontinued operations:

	2016[(a)]	2015
Company sales	$ 5,667	$ 6,789
Franchise and license fees and income	109	120
Company restaurant expenses	(4,766)	(5,913)
G&A expenses[(b)]	(406)	(405)
Franchise and license expenses	(45)	(48)
Closures and impairment expenses	(57)	(64)
Refranchising gain	12	13
Other income[(c)]	49	27

Interest income, net	8	7
Income from discontinued operations before income taxes	571	526
Income tax benefit (provision)[(d)]	65	(164)
Income from discontinued operations - including noncontrolling interests	636	362
(Income) loss from discontinued operations - noncontrolling interests	(11)	(5)
Income from discontinued operations, net of tax	$ 625	$ 357

(a) Includes Yum China financial results from January 1, 2016 to October 31, 2016.

(b) Includes costs incurred to execute the Separation of $68 million and $9 million for 2016 and 2015, respectively. Such costs primarily relate to transaction advisors, legal and other consulting fees.

(c) Primarily relates to equity income from KFC franchisees in which Yum China owns a minority interest.

(d) During 2016, we recorded a tax benefit of $233 million related to previously recorded losses associated with our Little Sheep business. The tax benefit associated with these losses was able to be recognized as a result of legal entity restructuring completed in anticipation of the Separation.

Cash inflows from Yum China to the Company in 2017 and 2016, subsequent to the Separation, related to the Master License Agreement was $217 million and $16 million, respectively, net of taxes paid and primarily related to royalty revenues.

Items Affecting Comparability of Net Income and Cash Flows	12 Months Ended Dec. 31, 2017
Items Affecting Comparability Of Net Income And Cash Flows Disclosure [Abstract]	
Items Affecting Comparability of Net Income and Cash Flows	**Items Affecting Comparability of Net Income and Cash Flows**

Tax Cuts and Jobs Act of 2017 ("Tax Act")

We recognized $434 million in our 2017 Income tax provision as a result of the December 22, 2017 enactment of the Tax Act. See Note 18 for a discussion of the charge.

Refranchising (Gain) Loss

The Refranchising (gain) loss by reportable segment is presented below. Given the size and volatility of refranchising initiatives, our chief operating decision maker ("CODM") does not consider the impact of Refranchising (gain) loss when assessing segment performance. As such, we do not allocate such gains and losses to our segments for performance reporting purposes.

During the years ended December 31, 2017, 2016 and 2015, we refranchised 1,470, 432 and 270 restaurants, respectively. We received $1,773 million, $370 million and $213 million in pre-tax proceeds in 2017, 2016 and 2015, respectively, related to these transactions.

A summary of Refranchising (gain) loss is as follows:

	Refranchising (gain) loss		
	2017	2016	2015
KFC Division[(a)]	$ (581)	$ (44)	$ 32
Pizza Hut Division[(a)]	(16)	(48)	56
Taco Bell Division	(486)	(71)	(65)
Worldwide	$(1,083)	$ (163)	$ 23

(a) In 2010, we refranchised our then-remaining Company-operated restaurants in Mexico. To the extent we owned it, we did not sell the real estate related to certain of these restaurants, instead leasing it to the franchisee. During 2015, we sold the real estate for approximately $58 million. While these proceeds exceeded the book value of the real estate, the sale represented a substantial liquidation of our Mexican foreign entities under GAAP. As such, the accumulated translation losses associated with our Mexican business were included in our loss on the sale. We recorded charges of $80 million representing the excess of the sum of the book value of the real estate and other related assets and our accumulated translation losses over the sales price. Consistent with the classification of the original Mexico market-wide refranchising transaction, these charges were classified as Refranchising (gain) loss. Refranchising losses of $40 million were associated with both the KFC and Pizza Hut Divisions. We continue to earn U.S. dollar-denominated franchise fees, most of which are sales-based royalties, under our existing franchise contracts with our Mexico franchisee.

As a result of classifying restaurant and related assets as held-for-sale and ceasing depreciation expense as well as recording any related write-downs to fair value, depreciation expense was reduced versus what would have otherwise been recorded by $10 million during the year ended December 31, 2017. Our CODM does not consider the impact of these depreciation reductions, which were recorded within Occupancy and other operating expenses when assessing segment performance. These depreciation reductions were not allocated to the Division segments resulting in depreciation expense continuing to be recorded within our Divisional results at the rate at which it was prior to the held-for-sale classification.

YUM's Strategic Transformation Initiatives

In October 2016, we announced our strategic transformation plans to drive global expansion of the KFC, Pizza Hut and Taco Bell brands ("YUM's Strategic Transformation Initiatives") following the then anticipated separation of our China business on October 31, 2016. Major features of the Company’s strategic transformation plans involve being more focused on the development of our three brands, increasing our franchise ownership and creating a leaner, more efficient cost structure. We incurred pre-tax costs of $23 million and $67 million related to our Strategic Transformation Initiatives in 2017 and 2016, respectively. In 2017, these costs were primarily recorded in G&A and included contract termination costs and relocation and severance costs for restaurant-support center employees. In 2016, these costs were primarily recorded in G&A and included restaurant-support center employee severance costs, charges associated with a voluntary retirement program offered to certain U.S. restaurant-support center employees, consulting costs incurred to facilitate YUM's Strategic Transformation Initiatives, and losses associated with our sale of Corporate aircraft upon our decision to no longer own aircraft. YUM's Strategic Transformation Initiatives represent the continuation of YUM's transformation of its operating model and capital structure following the Separation and recapitalization of YUM. Due to the scope of the initiatives as well as their significance, our CODM does not consider the associated cost when assessing segment performance. As such, these costs are not being allocated to any of our segment operating results for performance reporting purposes.

Modifications of Share-based Compensation Awards

In connection with the Separation, we modified certain share-based compensation awards held as part of our Executive Income Deferral ("EID") Plan in phantom shares of YUM Common Stock to provide one phantom Yum China share-based award for each outstanding phantom YUM share-based award. These Yum China awards may now be settled in cash, as opposed to stock, which requires recognition of the fair value of these awards within G&A in our Consolidated Income Statement. During 2017 and 2016, we recorded G&A charges related to these awards of $18 million and $30 million, respectively. Given these charges were a direct
result of the Separation, our CODM does not consider their impact when assessing segment performance. As such, these costs are not being allocated to any of our segment operating results for performance reporting purposes.

Pizza Hut U.S. Transformation Agreement

In May 2017, we reached an agreement with Pizza Hut U.S. franchisees that will improve brand marketing alignment, accelerate enhancements in operations and technology and includes a permanent commitment to incremental advertising and digital and technology contributions by franchisees. In connection with this agreement, we anticipate investing approximately $90 million to upgrade restaurant equipment to improve operations, fund improvements in restaurant technology and enhance digital and e-commerce capabilities. We currently expect the majority of this investment will be split between 2017 and 2018. During 2017, we recorded pre-tax charges of $31 million, primarily within Franchise and license expenses or G&A, and capitalized $8 million of costs primarily related to digital and e-commerce initiatives. Due to their unique and long-term brand-building nature, our CODM does not consider the impact of these investments when assessing segment performance. As such, these investments are not being allocated to the Pizza Hut Division segment operating results for performance reporting purposes.

In addition to the investments above, we have agreed to fund $37.5 million of incremental system advertising dollars from the second half of 2017 through 2018. During 2017, we incurred $25 million in related incremental system advertising expense. These advertising amounts were recorded primarily in Franchise and license expenses and are included in Pizza Hut's segment operating results.

KFC U.S. Acceleration Agreement

During 2015, we reached an agreement with our KFC U.S. franchisees that gave us brand marketing control as well as an accelerated path to expanded menu offerings, improved assets and enhanced customer experience. In connection with this agreement we anticipate investing a total of approximately $130 million from 2015 through 2018 primarily to fund new back-of house equipment for franchisees and to provide incentives to accelerate franchisee store remodels. We recorded pre-tax charges for the portion of these investments made in 2017, 2016 and 2015 of $17 million, $26 million and $72 million, respectively. These amounts were recorded primarily as Franchise and license expenses. These payments constitute a significant portion of the approximately $140 million asset for incentive payments made to franchisees which we will establish upon adoption of the new revenue recognition standard in 2018 (see Note 2). Due to their size and unique long-term brand building nature, our CODM does not consider the impact of these investments when assessing segment performance. As such, these charges are not being allocated to the KFC Division segment operating results for performance reporting purposes.

In addition to the investments above, we agreed to fund $60 million of incremental system advertising. During 2017, 2016 and 2015, we incurred $20 million, $20 million and $10 million in incremental system advertising expense, respectively, with the remaining funding of approximately $10 million to occur in 2018. The incremental system advertising amounts recorded were primarily in Franchise and license expenses and are included in the KFC Division segment operating results.

Items Impacting Other Pension (Income) Expense

During the fourth quarter of 2016, the Company allowed certain former employees with deferred vested balances in the YUM Retirement Plan ("the Plan") an opportunity to voluntarily elect an early payout of their pension benefits. As a result of settlement payments made of approximately $205 million related to this program, all of which were funded from existing Plan assets, we recorded a settlement charge of $24 million to Other pension (income) expense. Due to the size and non-recurring nature of the program, our CODM does not consider the impact of these charges when assessing performance so they were not allocated to any of our segment operating results for performance reporting purposes.

During the first quarter of 2017, as a result of the completion of a pension data review and reconciliation, we recorded a non-cash, out-of-year charge of $22 million to Other pension (income) expense to adjust our historical U.S. pension liability related to our deferred vested participants. Our CODM does not consider the impact of this charge when assessing segment performance given the number of years over which it accumulated. As such, this cost is not being allocated to any of our segment operating results for performance reporting purposes. See Note 15 for further discussion of our pension plans.

Store Closure and Impairment Activity

Store closure (income) costs and Store impairment charges by reportable segment are presented below.

	2017			
	KFC	Pizza Hut	Taco Bell	Worldwide
Store closure (income) costs[a]	$ —	$ —	$ (1)	$ (1)
Store impairment charges	2	1	1	4
Closure and impairment (income) expenses	$ 2	$ 1	$ —	$ 3

2016

	KFC	Pizza Hut	Taco Bell	Worldwide
Store closure (income) costs[a]	$ 3	$ (5)	$ —	$ (2)
Store impairment charges	8	6	3	17
Closure and impairment (income) expenses	$ 11	$ 1	$ 3	$ 15

	2015			
	KFC	Pizza Hut	Taco Bell	Worldwide
Store closure (income) costs[a]	$ 1	$ (1)	$ (1)	$ (1)
Store impairment charges	8	5	4	17
Closure and impairment (income) expenses	$ 9	$ 4	$ 3	$ 16

(a) Store closure (income) costs include the net gain or loss on sales of real estate on which we formerly operated a Company-owned restaurant that was closed, lease reserves established when we cease using a property under an operating lease and subsequent adjustments to those reserves and other facility-related expenses from previously closed stores. Remaining lease obligations for closed stores were not material at December 31, 2017 or December 31, 2016.

Impact of Change in Reporting Calendar

As discussed in Note 2, we have changed our fiscal year from a year ending on the last Saturday of December to a year beginning on January 1 and ending on December 31 of each year commencing with the year ending December 31, 2017. We also removed the monthly or period reporting lags certain of our international subsidiaries historically used to report results. The impacts on our Consolidated Financial Statements of retrospectively applying these changes are included below:

	2016		
	As Previously Reported	Adjustments	After Change in Reporting Calendar
Total revenues	$ 6,366	$ (10)	$ 6,356
Operating Profit	1,625	25 (a)	1,650 (b)
Income from continuing operations	994	24	1,018
Income from discontinued operations, net of tax	625	—	625
Net Income	$ 1,619	$ 24	1,643
Diluted EPS from continuing operations	$ 2.48	$ 0.06	$ 2.54
Diluted EPS from discontinued operations	1.56	—	1.56
Diluted EPS	$ 4.04	$ 0.06	$ 4.10

	2015		
	As Previously Reported	Adjustments	After Change in Reporting Calendar
Total revenues	$ 6,440	$ (22)	$ 6,418
Operating Profit	1,402	(8)	1,394 (b)

Income from continuing operations		936		(10)		926
Income from discontinued operations, net of tax		357		—		357
Net Income	$	1,293	$	(10)	$	1,283
Diluted EPS from continuing operations	$	2.11	$	(0.02)	$	2.09
Diluted EPS from discontinued operations		0.81		—		0.81
Diluted EPS	$	2.92	$	(0.02)	$	2.90

(a) Primarily represents gains of $24 million related to the refranchising of certain international restaurants which occurred in December 2016.

(b) Amount does not reconcile to our Consolidated Statements of Income for the year ended December 31, 2016 and December 31, 2015 due to the impact of retrospectively adopting a new accounting standard on Benefit Costs of $32 million and $40 million, respectively. See Note 2.

In 2016, the impact on our Consolidated Statement of Cash Flows was a decrease in cash provided by operating activities of $39 million, a decrease in cash used in investing activities of $20 million and a decrease in cash used in financing activities of $16 million.

In 2015, the impact on our Consolidated Statement of Cash Flows was an increase in cash used in investing activities of $10 million and a decrease in cash used in financing activities of $16 million. There was no impact to cash provided by operating activities.

Our Shareholders' Equity, as of December 31, 2014, increased $9 million as a result of the change in reporting calendar.

Supplemental Cash Flow Data	**12 Months Ended Dec. 31, 2017**
Supplemental Cash Flow Elements [Abstract]	
Supplemental Cash Flow Data	Supplemental Cash Flow Data

	2017	2016	2015
Cash Paid For:			
Interest	$ 442	$ 297	$ 141
Income taxes	346	314	392
Significant Non-Cash Investing and Financing Activities:			
Capital lease obligations incurred	$ 8	$ 10	$ 26
Capital lease and other debt obligations transferred through refranchising	(35)	(1)	—
Reconciliation of Cash and cash equivalents to Consolidated Statements of Cash Flows:			
Cash and cash equivalents as presented in Consolidated Balance Sheets	$ 1,522	$ 725	$ 345
Restricted cash included in Prepaid expenses and other current assets[(a)]	60	55	—
Restricted cash included in Other assets[(b)]	17	51	20
Cash, Cash Equivalents and Restricted Cash as presented in Consolidated Statements of Cash Flows	$ 1,599	$ 831	$ 365

(a) Restricted cash within Prepaid expenses and other current assets reflects the Taco Bell Securitization interest reserves. See Note 11.

(b)

Primarily trust accounts related to our self-insurance program. 2016 also includes cash balances required, to the extent necessary, to meet statutory minimum net worth requirements for legal entities which enter into U.S. franchise agreements.

Franchise and License Fees and Income	12 Months Ended Dec. 31, 2017
Franchise And License Fees And Income Disclosure [Abstract]	
Franchise and license fees and income	Franchise and License Fees and Income

	2017	2016	2015
Initial fees, including renewal fees	$ 96	$ 72	$ 71
Continuing fees and rental income	2,210	2,095	2,011
Franchise and license fees and income	$2,306	$2,167	$2,082

Other (Income) Expense	12 Months Ended Dec. 31, 2017
Other Income and Expenses [Abstract]	
Other (Income) Expense	Other (Income) Expense

	2017		2016		2015	
Foreign exchange net (gain) loss and other	$	5	$	(6)	$	20
Loss associated with corporate aircraft[(a)]		2		9		—
Other (income) expense	$	7	$	3	$	20

(a)
During 2016, we made the decision to no longer operate a corporate aircraft fleet and offered our owned aircraft for sale, one of which was sold during 2016 and one that was sold in 2017. The losses associated with these sales reflect the shortfall of the proceeds, including estimated proceeds in held-for-sale impairment evaluations, less any selling costs, over the carrying value of the aircraft.

Supplemental Balance Sheet Information	12 Months Ended Dec. 31, 2017
Supplemental Balance Sheet Information Disclosure [Abstract]	
Supplemental Balance Sheet Information	**Supplemental Balance Sheet Information**

Prepaid Expenses and Other Current Assets	2017	2016
Income tax receivable	$ 175	$ 44
Assets held for sale[(a)]	37	57
Other prepaid expenses and current assets	159	135
Prepaid expenses and other current assets	$ 371	$ 236

(a) Reflects the carrying value of restaurants we have offered for sale to franchisees and excess properties that we do not intend to use for restaurant operations in the future. 2016 amounts also include a corporate aircraft sold in 2017.

Property, Plant and Equipment	2017	2016
Land	$ 452	$ 438
Buildings and improvements	1,661	2,149
Capital leases, primarily buildings	123	141
Machinery and equipment	941	1,380
Property, plant and equipment, gross	3,177	4,108
Accumulated depreciation and amortization	(1,480)	(1,995)
Property, plant and equipment, net	$ 1,697	$ 2,113

Depreciation and amortization expense related to PP&E was $238 million, $295 million and $302 million in 2017, 2016 and 2015, respectively.

Accounts Payable and Other Current Liabilities	2017	2016
Accounts payable	$ 119	$ 142
Accrued capital expenditures	21	39
Accrued compensation and benefits	252	372
Dividends payable	—	106
Accrued taxes, other than income taxes	90	66
Other current liabilities	331	342
Accounts payable and other current liabilities	$ 813	$ 1,067

Goodwill and Intangible Assets	12 Months Ended Dec. 31, 2017
Goodwill and Intangible Assets Disclosure [Abstract]	
Goodwill and Intangible Assets	Goodwill and Intangible Assets The changes in the carrying amount of goodwill are as follows:

	KFC	Pizza Hut	Taco Bell	Worldwide
Balance as of December 31, 2015				
Goodwill, gross	$ 266	$ 206	$ 113	$ 585
Accumulated impairment losses	—	(17)	—	(17)
Goodwill, net	266	189	113	568
Disposals and other, net[(a)]	2	(32)	(2)	(32)
Balance as of December 31, 2016				
Goodwill, gross	268	174	111	553
Accumulated impairment losses	—	(17)	—	(17)
Goodwill, net	268	157	111	536
Disposals and other, net[(a)]	(21)	5	(8)	(24)
Balance as of December 31, 2017				
Goodwill, gross	247	179	103	529
Accumulated impairment losses	—	(17)	—	(17)
Goodwill, net	$ 247	$ 162	$ 103	$ 512

(a) Disposals and other, net includes the impact of foreign currency translation on existing balances and goodwill write-offs associated with refranchising.

Intangible assets, net for the years ended 2017 and 2016 are as follows:

	2017		2016	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangible assets				
Reacquired franchise rights	$ 60	$ (42)	$ 83	$ (49)
Franchise contract rights	100	(77)	99	(73)
Lease tenancy rights	32	(6)	56	(9)
Other	37	(25)	36	(23)
	$ 229	$ (150)	$ 274	$ (154)
Indefinite-lived intangible assets				
KFC trademark	$ 31		$ 31	

Amortization expense for all definite-lived intangible assets was $10 million in 2017, $12 million in 2016 and $13 million in 2015. Amortization expense for definite-lived intangible assets is expected to approximate $7 million in 2018, $7 million in 2019, $6 million in 2020, $6 million in 2021 and $6 million in 2022.

Short-term Borrowings and Long-term Debt

12 Months Ended Dec. 31, 2017

Debt Disclosure [Abstract]

Short-term Borrowings and Long-term Debt

Short-term Borrowings and Long-term Debt

	2017	2016
Short-term Borrowings		
Current maturities of long-term debt	$ 386	$ 66
Other	—	8
	$ 386	$ 74
Less current portion of debt issuance costs and discounts	(11)	(8)
Short-term borrowings	$ 375	$ 66
Long-term Debt		
Securitization Notes	$ 2,271	$ 2,294
Subsidiary Senior Unsecured Notes	2,850	2,100
Term Loan A Facility	500	500
Term Loan B Facility	1,975	1,990
YUM Senior Unsecured Notes	2,200	2,200
Capital lease obligations (See Note 12)	105	120
	9,901	9,204
Less debt issuance costs and discounts	(86)	(79)
Less current maturities of long-term debt	(386)	(66)
Long-term debt	$ 9,429	$ 9,059

Securitization Notes

On May 11, 2016 Taco Bell Funding, LLC (the “Issuer”), a newly formed, special purpose limited liability company and a direct, wholly-owned subsidiary of Taco Bell Corp. ("TBC") completed a securitization transaction and issued $800 million of its Series 2016-1 3.832% Fixed Rate Senior Secured Notes, Class A-2-I (the “Class A-2-I Notes”), $500 million of its Series 2016-1 4.377% Fixed Rate Senior Secured Notes, Class A-2-II (the “Class A-2-II Notes”) and $1.0 billion of its Series 2016-1 4.970% Fixed Rate Senior Secured Notes, Class A-2-III (the “Class A-2-III Notes” and, together with the Class A-2-I Notes and the Class A-2-II Notes, the “Class A-2 Notes”). In connection with the issuance of the Class A-2 Notes, the Issuer also entered into a revolving financing facility of Series 2016-1 Senior Notes, Class A-1 (the “Variable Funding Notes”), which allowed for the borrowing of up to $100 million and the issuance of up to $50 million in letters of credit. The Class A-2 Notes and the Variable Funding Notes are referred to collectively as the “Securitization Notes”. The Class A-2 Notes were issued under a Base Indenture, dated as of May 11, 2016 (the “Base Indenture”), and the related Series 2016-1 Supplement thereto, dated as of May 11, 2016 (the “Series 2016-1 Supplement”). The Base Indenture and the Series 2016-1 Supplement (collectively, the “Indenture”) allow the Issuer to issue additional series of notes. On October 16, 2017, the Issuer terminated the Variable Funding Notes.

The Securitization Notes were issued in a transaction pursuant to which certain of TBC’s domestic assets, consisting principally of franchise-related agreements and domestic intellectual property, were contributed to the Issuer and the Issuer’s special purpose, wholly-owned subsidiaries (the “Guarantors”, and collectively with the Issuer, the "Securitization Entities") to secure the Securitization Notes. The Securitization Notes are secured by substantially all of the assets of the Securitization Entities, and include a lien on all existing and future U.S. Taco Bell franchise and license agreements and the royalties payable thereunder, existing and future U.S. Taco Bell intellectual property, certain transaction accounts and a pledge of the equity interests in asset-owning Securitization Entities. The remaining U.S. Taco Bell assets that were excluded from the transfers to the Securitization Entities continue to be held by Taco Bell of America, LLC, a limited liability company ("TBA") and TBC. The Securitization Notes are not guaranteed by the remaining U.S. Taco Bell assets, the Company, or any other subsidiary of the Company.

Payments of interest and principal on the Securitization Notes are made from the royalty fees paid pursuant to the franchise and license agreements with all U.S. Taco Bell restaurants, including both company and franchise operated restaurants. Interest on and principal payments of the Class A-2 Notes are due on a quarterly basis. In general, no amortization of principal of the Class A-2 Notes is required prior to their anticipated repayment dates unless as of any quarterly measurement date the consolidated leverage ratio (the ratio of total debt to Net Cash Flow (as defined in the Indenture)) for the preceding four fiscal quarters of either the Company and its subsidiaries or the Issuer and its subsidiaries exceeds 5.0:1, in which case amortization payments of 1% per year of the outstanding principal as of the closing of the Securitization Notes is required. As of the most recent quarterly measurement date the consolidated leverage ratio exceeded 5.0:1 and, as a result, amortization payments are required. The legal final maturity
date of the Notes is in May 2046, but the anticipated repayment dates of the Class A-2-I Notes, the Class A-2-II Notes and the Class A-2-III Notes will be 4, 7 and 10 years, respectively (the “Anticipated Repayment Dates”) from the date of issuance. If the Issuer has not repaid or refinanced a series of Class A-2 Notes prior to its respective Anticipated Repayment Dates, rapid amortization of principal on all Securitization Notes will occur and additional interest will accrue on the Class A-2 Notes, as stated in the Indenture.

The Company paid debt issuance costs of $31 million in connection with the 2016 issuance of the Securitization Notes. The debt issuance costs are being amortized to Interest expense, net through the Anticipated Repayment Dates of the Securitization Notes utilizing the effective interest rate method. As of December 31, 2017, the effective interest rates, including the amortization of debt issuance costs, were 4.18%, 4.59%, and 5.14% for the Class A-2-I Notes, Class A-2-II Notes and Class A-2-III Notes, respectively. During 2017, $2 million of unamortized debt issuance costs were recognized within Interest expense, net due to the termination of the Variable Funding Notes.

The Securitization Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Issuer maintains specified reserve accounts to be available to make required interest payments in respect of the Securitization Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the Class A-2 Notes under certain circumstances, (iii) certain indemnification payments relating to taxes, enforcement costs and other customary items and (iv) covenants relating to recordkeeping, access to information and similar matters. The Securitization Notes are also subject to rapid amortization events provided for in the Indenture, including events tied to failure to maintain a stated debt service coverage ratio (as defined in the Indenture) of at least 1.1:1, gross domestic sales for branded restaurants being below certain levels on certain measurement dates, a manager termination event, an event of default and the failure to repay or refinance the Class A-2 Notes on the Anticipated Repayment Date (subject to limited cure rights). The Securitization Notes are also subject to certain customary events of default, including events relating to non-payment of required interest or principal due on the Securitization Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, certain judgments and failure of the Securitization Entities to maintain a stated debt service coverage ratio. As of December 31, 2017, we were in compliance with all of our debt covenant requirements and were not subject to any rapid amortization events.

In accordance with the Indenture, certain cash accounts have been established with the Indenture trustee for the benefit of the note holders, and are restricted in their use. The Indenture requires a certain amount of securitization cash flow collections to be allocated on a weekly basis and maintained in a cash reserve account. As of December 31, 2017, the Company had restricted cash of $60 million primarily related to required interest reserves included in Prepaid expenses and other current assets on the Consolidated Balance Sheets. Once the required obligations are satisfied, there are no further restrictions, including payment of dividends, on the cash flows of the Securitization Entities.

Additional cash reserves are required if any of the rapid amortization events occur, as noted above, or in the event that as of any quarterly measurement date the Securitization Entities fail to maintain a debt service coverage ratio (or the ratio of Net Cash Flow to all debt service payments for the preceding four fiscal quarters) of at least 1.75:1. The amount of weekly securitization cash flow collections that exceed the required weekly allocations is generally remitted to the Company. During the quarter ended December 31, 2017, the Securitization Entities maintained a debt service coverage ratio significantly in excess of the 1.75:1 requirement.

Credit Facilities and Subsidiary Senior Unsecured Notes

On June 16, 2016, KFC Holding Co., Pizza Hut Holdings, LLC, a limited liability company, and TBA, each of which is a wholly-owned subsidiary of the Company, as co-borrowers (the "Borrowers"), entered into a credit agreement providing for senior secured credit facilities consisting of a $500 million Term Loan A facility (the “Term Loan A Facility"), a $2.0 billion Term Loan B facility (the “Term Loan B Facility”) and a $1.0 billion revolving facility (the “Revolving Facility”), each of which may be increased subject to certain conditions. The Term Loan A Facility, the Term Loan B Facility, and the Revolving Facility are collectively referred to as the "Credit Agreement". There are no outstanding borrowings under the Revolving Facility and $4 million of letters of credit outstanding as of December 31, 2017.

The Term Loan A Facility was originally subject to quarterly amortization payments beginning one full fiscal quarter after the first anniversary of the closing date, in an amount equal to 1.25% of the initial principal amount of the facility, in each of the second and third years of the facility; in an amount equal to 1.875% of the initial principal amount of the facility, in the fourth year of the facility; and in an amount equal to 3.75% of the initial principal amount of the facility, in the fifth year of the facility, with the balance payable at maturity on the fifth anniversary of the closing date. (Subsequently, this amortization schedule was delayed by approximately one year and the maturity date was extended to June 7, 2022 as a result of the Term Loan A repricing in 2017. See below.) The Term Loan B Facility is subject to quarterly amortization payments in an amount equal to 0.25% of the initial principal amount of the facility, with the balance payable at maturity on the seventh anniversary of the closing date.

On March 21, 2017, the Borrowers completed the repricing of the then existing $1.99 billion under the Term Loan B Facility pursuant to an amendment to the Credit Agreement. The amendment reduces the interest rate applicable to the Term Loan B Facility by 75 basis points to LIBOR plus2.00% or Base Rate plus1.00%, at the Borrower’s election, with an additional rate stepdown to LIBOR plus 1.75% or Base Rate plus 0.75% in the event the secured net leverage ratio (as defined in the Credit Agreement) is less than 1 to 1. As a result of repricing the Term Loan B Facility, $192 million in principal was assigned to new lenders or existing lenders electing to increase their holdings in the loan. The maturity date and all other material provisions under the Credit Agreement remained unchanged as a result of this amendment.

On June 7, 2017, the Borrowers completed the repricing of the existing $500 million under the Term Loan A Facility and $1 billion under the Revolving Facility pursuant to an amendment to the Credit Agreement. The amendment reduced the interest rate applicable to the Term Loan A Facility and for borrowings under the Revolving Facility by 75 basis points. Subsequent to the repricing the interest rate ranges from 1.25% to 1.75% plus LIBOR or from 0.25% to 0.75% plus the Base Rate, at the Borrower’s election, based upon the total net leverage ratio of the Borrowers and the Specified Guarantors (as defined in the Credit Agreement). As a result of repricing the Term Loan A Facility, $146 million in principal was assigned to new lenders or existing lenders electing to increase their holdings in the loan. There was no change in lender participation in the Revolving Facility. The maturity date for the Term Loan A Facility and the Revolving Facility has been extended to June 7, 2022. Amortization payments on the Term Loan A Facility will begin one full fiscal quarter after the first anniversary of the amendment effective date, which delays the original amortization schedule by approximately one year. All other material provisions under the Credit Agreement remained unchanged.

The Credit Agreement is unconditionally guaranteed by the Company and certain of the Borrowers' principal domestic subsidiaries and excludes Taco Bell Funding LLC and its special purpose, wholly-owned subsidiaries (see above). The Credit Agreement is also secured by first priority liens on substantially all assets of the Borrowers and each subsidiary guarantor, excluding the stock of certain subsidiaries and certain real property, and subject to other customary exceptions.

The Credit Agreement is subject to certain mandatory prepayments, including an amount equal to 50% of excess cash flow (as defined in the Credit Agreement) on an annual basis and the proceeds of certain asset sales, casualty events and issuances of indebtedness, subject to customary exceptions and reinvestment rights.

The Credit Agreement includes two financial maintenance covenants which require the Borrowers to maintain a total leverage ratio (defined as the ratio of Consolidated Total Debt to Consolidated EBITDA (as these terms are defined in the Credit Agreement)) of 5.0:1 or less and a fixed charge coverage ratio (defined as the ratio of EBITDA minus capital expenditures to fixed charges (inclusive of rental expense and scheduled amortization)) of at least 1.5:1, each as of the last day of each fiscal quarter. The Credit Agreement includes other affirmative and negative covenants and events of default that are customary for facilities of this type. The Credit Agreement contains, among other things, limitations on certain additional indebtedness and liens, and certain other transactions specified in the agreement. We were in compliance with all debt covenants as of December 31, 2017.

On June 16, 2016, the Borrowers issued $1.05 billion aggregate principal amount of 5.00% Senior Unsecured Notes due 2024 and $1.05 billion aggregate principal amount of 5.25% Senior Unsecured Notes due 2026 (together, the "Subsidiary Senior Unsecured Notes"). Interest on each series of Subsidiary Senior Unsecured Notes is payable semi-annually in arrears on June 1 and December 1, beginning on December 1, 2016. Additionally, on June 15, 2017, the Borrowers issued$750 million aggregate principal amount of 4.75% Senior Notes due June 1, 2027 (the "2027 Notes"). Interest on the 2027 Notes is payable semi-annually in arrears on June 1 and December 1, beginning on December 1, 2017. The Subsidiary Senior Unsecured Notes are guaranteed on a senior unsecured basis by (i) the Company, (ii) the Specified Guarantors and (iii) by each of the Borrower's and the Specified Guarantors' domestic subsidiaries that guarantees the Borrower's obligations under the Credit Agreement, except for any of the Company's foreign subsidiaries. The indenture governing the Subsidiary Senior Unsecured Notes contains covenants and events of default that are customary for debt securities of this type. We were in compliance with all debt covenants as of December 31, 2017.

During 2016, the Company paid debt issuance costs of $56 million in connection with the issuance of the Credit Agreement and the Subsidiary Senior Unsecured Notes. During 2017, $32 million of fees related to the repricing of the Term Loan A, Term Loan B and Revolving Facilities and the issuance of the 2027 Notes were capitalized as debt issuance costs. The debt issuance costs are being amortized to Interest expense, net through the contractual maturity of the agreements utilizing the effective interest rate method. We classify these deferred costs on our Consolidated Balance Sheet as a reduction in the related debt when borrowings are outstanding or within Other assets if borrowings are not outstanding. Additionally, $8 million of fees and unamortized debt issuance costs were recognized within Interest expense, net due to the repricings in the year ended December 31, 2017. As of December 31, 2017, the effective interest rates, including the amortization of debt issuance costs and the impact of the interest rate swaps on Term Loan B Facility (See Note 13), were 5.16%, 5.39%, 4.90%, 3.24%, and 3.82% for the Subsidiary Senior Unsecured Notes due 2024, the Subsidiary Senior Unsecured Notes due 2026, the Subsidiary Senior Unsecured Notes due 2027, the Term Loan A Facility, and the Term Loan B Facility, respectively.

YUM Senior Unsecured Notes

The majority of our remaining long-term debt primarily comprises YUM Senior Unsecured Notes with varying maturity dates from 2019 through 2043 and stated interest rates ranging from

3.75% to 6.88%. The YUM Senior Unsecured Notes represent senior, unsecured obligations and rank equally in right of payment with all of our existing and future unsecured unsubordinated indebtedness. Our YUM Senior Unsecured Notes contain cross-default provisions whereby the acceleration of the maturity of any of our indebtedness in a principal amount in excess of $50 million will constitute a default under the YUM Senior Unsecured Notes unless such indebtedness is discharged, or the acceleration of the maturity of that indebtedness is annulled, within 30 days after notice.

The following table summarizes all YUM Senior Unsecured Notes issued that remain outstanding at December 31, 2017:

			Interest Rate	
Issuance Date[a]	Maturity Date	Principal Amount (in millions)	Stated	Effective[b]
October 2007	March 2018	$ 325	6.25%	6.36%
October 2007	November 2037	325	6.88%	7.45%
August 2009	September 2019	250	5.30%	5.59%
August 2010	November 2020	350	3.88%	4.01%
August 2011	November 2021	350	3.75%	3.88%
October 2013	November 2023	325	3.88%	4.01%
October 2013	November 2043	275	5.35%	5.42%

(a) Interest payments commenced approximately six months after issuance date and are payable semi-annually thereafter.

(b) Includes the effects of the amortization of any (1) premium or discount; (2) debt issuance costs; and (3) gain or loss upon settlement of related treasury locks and forward starting interest rate swaps utilized to hedge the interest rate risk prior to debt issuance.

The annual maturities of short-term borrowings and long-term debt as of December 31, 2017, excluding capital lease obligations of $105 million are as follows:

Year ended:	
2018	$ 380
2019	318
2020	1,190
2021	441
2022	410
Thereafter	7,057
Total	$ 9,796

Interest expense on short-term borrowings and long-term debt was $473 million, $331 million and $153 million in 2017, 2016 and 2015, respectively.

Leases	12 Months Ended Dec. 31, 2017
Leases [Abstract]	
Leases	Leases

Leases

At December 31, 2017, we operated 1,481 restaurants, leasing the underlying land and/or building in approximately 900 of those restaurants with the vast majority of our commitments expiring within 20 years from the inception of the lease. In addition, the Company leases or subleases approximately 900 units to franchisees, principally in the U.S., United Kingdom, Germany, Australia and France.

We also lease office space for headquarters and support functions, as well as certain office and restaurant equipment. We do not consider any of these individual leases material to our operations. Most leases require us to pay related executory costs, which include property taxes, maintenance and insurance.

Future minimum commitments and amounts to be received as lessor or sublessor under non cancelable leases are set forth below:

	Commitments		Lease Receivables	
	Capital	Operating	Direct Financing	Operating
2018	$ 13	$ 124	$ 5	$ 64
2019	13	111	4	58
2020	12	87	4	51
2021	11	75	3	47
2022	11	67	3	44
Thereafter	76	435	24	415
	$ 136	$ 899	$ 43	$ 679

At December 31, 2017 and December 31, 2016, the present value of minimum payments under capital leases was $105 million and $120 million, respectively. At December 31, 2017, unearned income associated with direct financing lease receivables was $12 million.

The details of rental expense and income are set forth below:

	2017	2016	2015
Rental expense			
Minimum	$ 193	$ 208	$ 225
Contingent	21	26	29
	$ 214	$ 234	$ 254
Rental income	$ 86	$ 73	$ 73

Derivative Instruments (Notes)	12 Months Ended Dec. 31, 2017
Derivative Instruments and Hedging Activities Disclosure [Abstract]	
Derivative Instruments and Hedging Activities Disclosure [Text Block]	Derivative Instruments

We use derivative instruments to manage certain of our market risks related to fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Swaps

We have entered into interest rate swaps with the objective of reducing our exposure to interest rate risk for our variable-rate debt interest payments related to $1.55 billion of our Term Loan B Facility, resulting in a fixed rate of 3.92% on the swapped portion of the Term Loan B Facility. These interest rate swaps will expire in July 2021 and the notional amount, maturity date and variable rate of these swaps match those of the related debt. These interest rate swaps are designated cash flow hedges as the changes in the future cash flows of the swaps are expected to offset changes in interest payments on the related variable-rate debt. There were no other interest rate swaps outstanding as of December 31, 2017.

The effective portion of gains or losses on the interest rate swaps is reported as a component of AOCI and reclassified into Interest expense, net in our Consolidated Statement of Income in the same period or periods during which the related hedged interest payments affect earnings. Gains or losses on the swaps representing hedge ineffectiveness are recognized in current earnings. As of December 31, 2017, the swaps were highly effective cash flow hedges and no ineffectiveness has been recorded.

Foreign Currency Contracts

We have entered into foreign currency forward and swap contracts with the objective of reducing our exposure to earnings volatility arising from foreign currency fluctuations associated with certain foreign currency denominated intercompany receivables and payables. The notional amount, maturity date, and currency of these contracts match those of the underlying intercompany receivables or payables. Our foreign currency contracts are designated cash flow hedges as the future cash flows of the contracts are expected to offset changes in intercompany receivables and payables due to foreign currency exchange rate fluctuations.

The effective portion of gains or losses on the foreign currency contracts is reported as a component of AOCI. Amounts are reclassified from AOCI each quarter to offset foreign currency transaction gains or losses recorded within Other (income) expense when the related intercompany receivables and payables affect earnings due to their functional currency remeasurements. Gains or losses on the foreign currency contracts representing hedge ineffectiveness are recognized in current earnings. As of December 31, 2017, all foreign currency contracts outstanding have been highly effective cash flow hedges and no ineffectiveness has been recorded.

As of December 31, 2017 and December 31, 2016, foreign currency forward and swap contracts outstanding had total notional amounts of $456 million and $437 million, respectively. As of December 31, 2017, we have foreign currency forward and swap contracts with durations expiring as early as February 2018 and as late as 2020.

As a result of the use of derivative instruments, the Company is exposed to risk that the counterparties will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into contracts with carefully selected major financial institutions based upon their credit ratings and other factors, and continually assess the creditworthiness of counterparties. At December 31, 2017, all of the counterparties to our interest rate swaps and foreign currency contracts had investment grade ratings according to the three major ratings agencies. To date, all counterparties have performed in accordance with their contractual obligations.

Gains and losses on derivative instruments designated as cash flow hedges recognized in AOCI and reclassifications from AOCI into Net Income:

	Gains/(Losses) Recognized in AOCI		(Gains)/Losses Reclassified from AOCI into Net Income	
	2017	2016	2017	2016
Interest rate swaps	$ 4	$ 47	$ 2	$ (4)
Foreign currency contracts	(56)	10	56	(18)
Income tax benefit/(expense)	1	(20)	(3)	4

As of December 31, 2017, the estimated net gain included in AOCI related to our cash flow hedges that will be reclassified into earnings in the next 12 months is $14 million, based on current LIBOR interest rates.

See Note 14 for the fair value of our derivative assets and liabilities.

Fair Value Disclosures

12 Months Ended Dec. 31, 2017

Fair Value Disclosures [Abstract]

Fair Value Disclosures

Fair Value Disclosures

As of December 31, 2017 the carrying values of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, and accounts payable approximated their fair values because of the short-term nature of these instruments. The fair value of notes receivable net of allowances and lease guarantees less subsequent amortization approximates their carrying value. The following table presents the carrying value and estimated fair value of the Company's debt obligations:

	12/31/2017		12/31/2016	
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
Debt obligations				
Securitization Notes[(a)]	$ 2,271	$ 2,367	$ 2,294	$ 2,315
Subsidiary Senior Unsecured Notes[(b)]	2,850	2,983	2,100	2,175
Term Loan A Facility[(b)]	500	503	500	501
Term Loan B Facility[(b)]	1,975	1,990	1,990	2,016
YUM Senior Unsecured Notes[(b)]	2,200	2,277	2,200	2,216

(a) We estimated the fair value of the Securitization Notes by obtaining broker quotes from two separate brokerage firms that are knowledgeable about the Company's Securitization Notes and, at times, trade these notes. The markets in which the Securitization Notes trade are not considered active markets.

(b) We estimated the fair value of the YUM and Subsidiary Senior Unsecured Notes, Term Loan A Facility, and Term Loan B Facility using market quotes and calculations based on market rates.

Recurring Fair Value Measurements

The Company has interest rate swaps, foreign currency forwards and swaps accounted for as cash flow hedges and other investments, all of which are required to be measured at fair value on a recurring basis (See Note 13 for discussion regarding derivative instruments). The following table presents fair values for those assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall. No transfers among the levels within the fair value hierarchy occurred during the years ended December 31, 2017 or December 31, 2016.

		Fair Value		
	Level	2017	2016	Consolidated Balance Sheet
Interest Rate Swaps - Liability	2	$ —	$ 3	Accounts payable and other current liabilities
Interest Rate Swaps - Asset	2	9	—	Prepaid expenses and other current assets
Interest Rate Swaps - Asset	2	40	47	Other assets
Foreign Currency Contracts - Liability	2	46	—	Other Liabilities and deferred credits

Foreign Currency Contracts - Asset	2	5	6	Prepaid expenses and other current assets
Foreign Currency Contracts - Asset	2	—	10	Other assets
Other Investments	1	29	24	Other assets

The fair value of the Company's foreign currency forwards and swaps and interest rate swaps were determined based on the present value of expected future cash flows considering the risks involved, including nonperformance risk, and using discount rates appropriate for the duration based upon observable inputs. The other investments include investments in mutual funds, which are used to offset fluctuations in deferred compensation liabilities that employees have chosen to invest in phantom shares of a Stock Index Fund or Bond Index Fund. The other investments are classified as trading securities in Other assets in our Consolidated Balance Sheet and their fair value is determined based on the closing market prices of the respective mutual funds as of December 31, 2017 and December 31, 2016.

Non-Recurring Fair Value Measurements

The following table presents expense recognized from all non-recurring fair value measurements during the years ended December 31, 2017 and December 31, 2016. These amounts exclude fair value measurements made for assets that were subsequently dispo
sed of prior to those respective year end dates. The remaining net book value of restaurant assets measured at fair value during the years ended December 31, 2017 and December 31, 2016 is insignificant.

	2017	2016
Aircraft impairment[(a)]	$ —	$ 3
Restaurant-level impairment[(b)]	2	9
Total	$ 2	$ 12

(a) During 2016, we made the decision to dispose of a corporate aircraft. The loss associated with this then planned sale reflected the shortfall of the expected proceeds, less any selling costs, over the carrying value of the aircraft. The expected proceeds were based on actual bids received from potential buyers for similar assets (Level 2).

(b)
Restaurant-level impairment charges are recorded in Closures and impairment (income) expenses and resulted primarily from our semi-annual impairment evaluation of long-lived assets of individual restaurants that were being operated at the time of impairment and had not been offered for refranchising. The fair value measurements used in these impairment evaluations were based on discounted cash flow estimates using unobservable inputs (Level 3).

Pension, Retiree Medical and Retiree Savings Plans	12 Months Ended Dec. 31, 2017
Retirement Benefits [Abstract]	
Retiree Medical Benefits	Pension, Retiree Medical and Retiree Savings Plans

U.S. Pension Plans

We sponsor qualified and supplemental (non-qualified) noncontributory defined benefit plans covering certain full-time salaried and hourly U.S. employees. The qualified plan meets the requirements of certain sections of the Internal Revenue Code and provides benefits to a broad group of employees with restrictions on discriminating in favor of highly compensated employees with regard to coverage, benefits and contributions. The supplemental plans provide additional benefits to certain employees. We fund our supplemental plans as benefits are paid.

The most significant of our U.S. plans is the YUM Retirement Plan (the "Plan"), which is a qualified plan. Our funding policy with respect to the Plan is to contribute amounts necessary to satisfy minimum pension funding requirements, including requirements of the Pension Protection Act of 2006, plus additional amounts from time-to-time as are determined to be necessary to improve the Plan's funded status. We do not expect to make any significant contributions to the Plan in 2018. Our two significant U.S. plans were previously amended such that any salaried employee hired or rehired by YUM after September 30, 2001 is not eligible to participate in those plans.

During the fourth quarter of 2016, the Company allowed certain former employees with deferred vested balances in the Plan an opportunity to voluntarily elect an early payout of their benefits. See Note 5 for details.

We do not anticipate any plan assets being returned to the Company during 2018 for any U.S. plans.

Obligation and Funded Status at Measurement Date:

The following chart summarizes the balance sheet impact, as well as benefit obligations, assets, and funded status associated with our two significant U.S. pension plans. The actuarial valuations for all plans reflect measurement dates coinciding with our fiscal year end.

	2017	2016
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 993	$ 1,134
Service cost	10	17
Interest cost	41	54
Plan amendments	2	4
Curtailments	(2)	(4)
Special termination benefits	2	3
Benefits paid	(76)	(26)
Settlement payments[(a)]	(73)	(260)
Actuarial (gain) loss	115	77
Administrative expense	(5)	(6)
Benefit obligation at end of year	$ 1,007	$ 993

Change in plan assets:		
Fair value of plan assets at beginning of year	$ 837	$ 1,004
Actual return on plan assets	129	87
Employer contributions	52	38
Settlement payments[a]	(73)	(260)
Benefits paid	(76)	(26)
Administrative expenses	(5)	(6)
Fair value of plan assets at end of year	$ 864	$ 837
Funded status at end of year	$ (143)	$ (156)

(a) For discussion of the settlement payments made in connection with the deferred vested program in 2016, see Note 5.

Amounts recognized in the Consolidated Balance Sheet:

	2017	2016
Accrued benefit liability - current	$ (8)	$ (16)
Accrued benefit liability - non-current	(135)	(140)
	$ (143)	$ (156)

The accumulated benefit obligation was $976 million and $960 million at December 31, 2017 and December 31, 2016, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	2017	2016
Projected benefit obligation	$ 1,007	$ 993
Accumulated benefit obligation	976	960
Fair value of plan assets	864	837

Information for pension plans with a projected benefit obligation in excess of plan assets:

	2017	2016
Projected benefit obligation	$ 1,007	$ 993
Accumulated benefit obligation	976	960
Fair value of plan assets	864	837

Components of net periodic benefit cost:

	2017	2016	2015
Service cost	$ 10	$ 17	$ 18
Interest cost	41	54	55
Amortization of prior service cost[a]	6	6	1
Expected return on plan assets	(45)	(65)	(62)
Amortization of net loss	5	6	45
Net periodic benefit cost	$ 17	$ 18	$ 57

Additional (gain) loss recognized due to:

Settlement charges[b]	$ 19	$ 32	$ 5
Special termination benefits	$ 2	$ 3	$ 1
Pension data adjustment[c]	$ 22	$ —	$ —

(a) Prior service costs are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

(b) Settlement losses result when benefit payments exceed the sum of the service cost and interest cost within a plan during the year. These losses were recorded in Other pension (income) expense.

(c) Reflects a non-cash, out-of-year charge related to the adjustment of certain historical deferred vested liability balances in the Plan during the first quarter of 2017 recorded in Other pension (income) expense. See Note 5.

Pension gains (losses) in AOCI:

	2017	2016
Beginning of year	$ (180)	$ (170)
Net actuarial gain (loss)	(10)	(54)
Curtailments	2	4
Amortization of net loss	5	6
Amortization of prior service cost	6	6
Prior service cost	(2)	(4)
Settlement charges	19	32
End of year	$ (160)	$ (180)

Accumulated pre-tax losses recognized within AOCI:

	2017	2016
Actuarial net loss	$ (134)	$ (150)
Prior service cost	(26)	(30)
	$ (160)	$ (180)

The estimated net loss that will be amortized from AOCI into net periodic pension cost in 2018 is $16 million. The estimated prior service cost that will be amortized from AOCI into net periodic pension cost in 2018 is $6 million.

Weighted-average assumptions used to determine benefit obligations at the measurement dates:

	2017	2016
Discount rate	3.90%	4.60%
Rate of compensation increase	3.75%	3.75%

Weighted-average assumptions used to determine the net periodic benefit cost for fiscal years:

	2017[a]	2016	2015

Discount rate	4.53%	4.90%	4.30%
Long-term rate of return on plan assets	6.06%	6.75%	6.75%
Rate of compensation increase	3.75%	3.75%	3.75%

(a) Reflects a weighted average due to interim remeasurements in 2017.

Our estimated long-term rate of return on plan assets represents the weighted-average of expected future returns on the asset categories included in our target investment allocation based primarily on the historical returns for each asset category and future growth expectations.

Plan Assets

The fair values of our pension plan assets at December 31, 2017 and December 31, 2016 by asset category and level within the fair value hierarchy are as follows:

	2017	2016
Level 1:		
Cash	$ 3	$ 2
Cash Equivalents[(a)]	12	12
Fixed Income Securities - U.S. Corporate[(b)]	177	172
Equity Securities – U.S. Large cap[(b)]	257	244
Equity Securities – U.S. Mid cap[(b)]	43	41
Equity Securities – U.S. Small cap[(b)]	43	43
Equity Securities – Non-U.S.[(b)]	87	83
Level 2:		
Fixed Income Securities – U.S. Corporate[(c)]	86	76
Fixed Income Securities – U.S. Government and Government Agencies[(d)]	177	152
Fixed Income Securities – Other[(d)]	35	31
Total fair value of plan assets[(e)]	$ 920	$ 856

(a) Short-term investments in money market funds.

(b) Securities held in common trusts.

(c) Investments held directly by the Plan.

(d) Includes securities held in common trusts and investments held directly by the Plan.

(e) 2017 and 2016 exclude net unsettled trade payables of $56 million and $19 million, respectively.

Our primary objectives regarding the investment strategy for the Plan’s assets are to reduce interest rate and market risk and to provide adequate liquidity to meet immediate and future payment requirements. To achieve these objectives, we are using a combination of active and passive investment strategies. The Plan's equity securities, currently targeted to be 50% of our investment mix, consist primarily of low-cost index funds focused on achieving long-term capital appreciation. The Plan diversifies its equity risk by investing in several different U.S. and foreign market index funds. Investing in these index funds provides the Plan with the adequate liquidity required to fund benefit payments and plan expenses. The fixed income asset allocation, currently targeted to be 50% of our mix, is actively managed and consists of long-duration fixed income securities that help to reduce exposure to interest rate variation and to better correlate asset maturities with obligations. The fair values of all pension plan assets are determined based on closing market prices or net asset values.

A mutual fund held as an investment by the Plan includes shares of Common Stock valued at $0.3 million at both December 31, 2017 and December 31, 2016 (less than 1% of total plan assets in each instance).

Benefit Payments

The benefits expected to be paid in each of the next five years and in the aggregate for the five years thereafter are set forth below:

Year ended:		
2018	$	65
2019		37
2020		39
2021		42
2022		44
2023 - 2027		257

Expected benefit payments are estimated based on the same assumptions used to measure our benefit obligation on the measurement date and include benefits attributable to estimated future employee service.

International Pension Plans

We also sponsor various defined benefit plans covering certain of our non-U.S. employees, the most significant of which are in the UK. Both of our UK plans have previously been frozen such that they are closed to new participants and existing participants can no longer earn future service credits.

At the end of 2017 and 2016, the projected benefit obligations of these UK plans totaled $287 million and $261 million, respectively and plan assets totaled $358 million and $305 million, respectively. These plans were both in a net overfunded position at the end of 2017 and 2016 and related expense amounts recorded in each of 2017, 2016 and 2015 were not significant.

The funding rules for our pension plans outside of the U.S. vary from country to country and depend on many factors including discount rates, performance of plan assets, local laws and regulations. We do not plan to make significant contributions to either of our UK plans in 2018.

Retiree Medical Benefits

Our post-retirement plan provides health care benefits, principally to U.S. salaried retirees and their dependents, and includes retiree cost-sharing provisions. This plan was previously amended such that any salaried employee hired or rehired by YUM after September 30, 2001 is not eligible to participate in this plan. Employees hired prior to September 30, 2001 are eligible for benefits if they meet age and service requirements and qualify for retirement benefits. We fund our post-retirement plan as benefits are paid.

At the end of both 2017 and 2016, the accumulated post-retirement benefit obligation was $55 million. Actuarial gains of $8 million and $10 million were recognized in AOCI at the end of 2017 and 2016, respectively. The net periodic benefit cost recorded was $2 million in 2017 and $3 million in both 2016 and 2015, the majority of which is interest cost on the accumulated post-retirement benefit obligation. The weighted-average assumptions used to determine benefit obligations and net periodic benefit cost for the post-retirement medical plan are identical to those as shown for the U.S. pension plans. Our assumed heath care cost trend rates for the following year as of 2017 and 2016 are 6.3% and 6.6%, respectively, with expected ultimate trend rates of 4.5% reached in 2038.

There is a cap on our medical liability for certain retirees. The cap for Medicare-eligible retirees was reached in 2000 and the cap for non-Medicare eligible retirees was reached in 2014; with the cap, our annual cost per retiree will not increase. A one-percentage-point increase or decrease in assumed health care cost trend rates would have no impact on total service and interest cost or on the post-retirement benefit obligation. The benefits expected to be paid in each of the next five years are approximately $5 million and in aggregate for the five years thereafter are $17 million.

Retiree Savings Plan

We sponsor a contributory plan to provide retirement benefits under the provisions of Section 401(k) of the Internal Revenue Code (the "401(k) Plan") for eligible U.S. salaried and hourly employees. Participants are able to elect to contribute up to 75% of eligible compensation on a pre-tax basis. Participants may allocate their contributions to one or any combination of multiple investment options or a self-managed account within the 401(k) Plan. We match 100% of the participant's contribution to the 401(k) Plan up to 6% of eligible compensation. We recognized as compensation expense our total matching contribution of $13 million in 2017, $14 million in 2016 and $13 million in 2015.

Share-based and Deferred Compensation Plans	12 Months Ended Dec. 31, 2017
Compensation Related Costs [Abstract]	
Share-based and Deferred Compensation Plans	Share-based and Deferred Compensation Plans Overview At year end 2017, we had one stock award plan in effect: the YUM! Brands, Inc. Long-Term Incentive Plan (the “LTIP”). Under the LTIP, the exercise price of stock options and SARs granted must be equal to or greater than the average market price or the ending market price of the Company’s stock on the date of grant. Potential awards to employees and non-employee directors under the LTIP include stock options, incentive stock options, SARs, restricted stock, restricted stock units (“RSUs”), performance restricted stock units, performance share units (“PSUs”) and performance units. We have issued only stock options, SARs, RSUs and PSUs under the LTIP. While awards under the LTIP can have varying vesting provisions and exercise periods, outstanding awards under the LTIP vest in periods ranging from immediate to five years. Stock options and SARs expire ten years after grant. At year end 2017, approximately 28 million shares were available for future share-based compensation grants under the LTIP. Our EID Plan allows participants to defer receipt of a portion of their annual salary and all or a portion of their incentive compensation. As defined by the EID Plan, we credit the amounts deferred with earnings based on the investment options selected by the participants. These investment options are limited to cash, phantom shares of our Common Stock, phantom shares of a Stock Index Fund and phantom shares of a Bond Index Fund. Investments in cash and phantom shares of both index funds will be distributed in cash at a date as elected by the employee and therefore are classified as a liability on our Consolidated Balance Sheets. We recognize compensation expense for the appreciation or the depreciation, if any, of investments in cash and both of the index funds. Deferrals into the phantom shares of our Common Stock will be distributed in shares of our Common Stock, under the LTIP, at a date as elected by the employee and therefore are classified in Common Stock on our Consolidated Balance Sheets. We do not recognize compensation expense for the appreciation or the depreciation, if any, of investments in phantom shares of our Common Stock. Our EID plan also allows certain participants to defer incentive compensation to purchase phantom shares of our Common Stock and receive a 33% Company match on the amount deferred. Deferrals receiving a match are similar to a RSU award in that participants will generally forfeit both the match and incentive compensation amounts deferred if they voluntarily separate from employment during a vesting period that is two years from the date of deferral. We expense the intrinsic value of the match and the incentive compensation over the requisite service period which includes the vesting period. Historically, the Company has repurchased shares on the open market in excess of the amount necessary to satisfy award exercises and expects to continue to do so in 2018. In connection with the Separation of our China business in the prior year, under the provisions of our LTIP, employee stock options, SARs, RSUs and PSUs were adjusted to maintain the pre-spin intrinsic value of the awards. Depending on the tax laws of the country of employment, awards were modified using either the shareholder method or the employer method. Share issuances for Yum China awards held by YUM employees will be satisfied by Yum China. Share issuances for YUM awards held by Yum China employees are being satisfied by YUM. Share-based compensation as recorded in Income from continuing operations is based on the amortization of the fair value for both YUM and Yum China awards held by YUM employees.

The shareholder method was based on the premise that employees holding YUM awards prior to the Separation should receive an equal number of awards of both YUM and Yum China. For stock options and SARs, exercise prices of these post-Separation YUM and Yum China awards were established that, on a combined basis, maintained the intrinsic value on the YUM award prior to the Separation. The exercise prices provided for an initial intrinsic value in each of the post-Separation YUM and YUM China awards that was proportionate to the market value of the two companies on November 1, 2016. For RSUs and PSUs modified under the shareholder method, each YUM award was modified into one YUM award and one Yum China award.

Under the employer method, employees holding YUM awards prior to the Separation had their awards converted into awards of the company that they worked for subsequent to the Separation. For stock options and SARs modified under the employer method,
the exercise prices of the awards were modified to maintain the pre-Separation intrinsic value of the awards in relation to the post-Separation stock price of the applicable company. For RSUs and PSUs modified under the employer method, the number of awards was modified to maintain the pre-Separation intrinsic value of the awards in relation to the post-Separation stock price of the applicable company.

The modifications to the outstanding equity awards resulted in an insignificant amount of additional compensation expense in the year ended December 31, 2016.

Investments in phantom shares of our Common Stock held within our EID Plan by employees that remained with YUM post-Separation that were converted into phantom investments in Yum China at Separation under the shareholder method are allowed to be transferred into cash, phantom shares of a Stock Index Fund and phantom shares of a Bond Index Fund within the EID Plan. As such, distributions of current investments in phantom shares of Yum China may now be settled in cash, as opposed to stock, at a date as elected by the employee and, therefore, are classified as a liability and remeasured to fair value at each reporting period in our Consolidated Balance Sheet. During 2017 and 2016, we recorded $18 million and $30 million, respectively, within G&A related to these awards (See Note 5).

Award Valuation

We estimated the fair value of each stock option and SAR award as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2017	2016	2015
Risk-free interest rate	1.9%	1.4%	1.3%
Expected term (years)	6.4 years	6.4 years	6.4 years
Expected volatility	22.9%	27.0%	26.9%
Expected dividend yield	1.8%	2.6%	2.2%

We believe it is appropriate to group our stock option and SAR awards into two homogeneous groups when estimating expected term. These groups consist of grants made primarily to restaurant-level employees, which cliff-vest after 4 years and expire 10 years after grant, and grants made to executives, which typically have a graded vesting schedule of 25% per year over 4 years and expire 10 years after grant. We use a single weighted-average term for our awards that have a graded vesting schedule. Based on analysis of our historical exercise and post-vesting termination behavior, we have determined that our restaurant-level employees and our executives exercised the awards on average after 5 years and 6.5 years, respectively.

When determining expected volatility, we consider both historical volatility of our stock as well as implied volatility associated with our publicly traded options. The expected dividend yield is based on the annual dividend yield at the time of grant.

The fair values of RSU awards are based on the closing price of our Common Stock on the date of grant. The fair values of PSU awards with market-based conditions have been valued based on the outcome of a Monte Carlo simulation.

Award Activity

Stock Options and SARs

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding at the beginning of the year	21,242	$ 40.78		
Granted	2,879	67.93		
Exercised	(4,269)	36.45		
Forfeited or expired	(1,567)	54.98		
Outstanding at the end of the year	18,285 (a)	44.85	5.42	$ 672
Exercisable at the end of the year	11,971	$ 38.07	4.00	$ 521

(a) Outstanding awards include 943 options and 17,342 SARs with weighted average exercise prices of $36.63 and $45.30, respectively. Outstanding awards represent YUM awards held by employees of both YUM and Yum China.

The weighted-average grant-date fair value of stock options and SARs granted during 2017, 2016 and 2015 was $14.08, $14.40 and $15.95, respectively. The total intrinsic value of stock options and SARs exercised during the years ended December 31, 2017, December 31, 2016 and December 31, 2015, was $154 million, $263 million and $153 million, respectively.

As of December 31, 2017, $55 million of unrecognized compensation cost related to unvested stock options and SARs, which will be reduced by any forfeitures that occur, is expected to be recognized over a remaining weighted-average period of approximately 1.8 years. This reflects unrecognized cost for both YUM and Yum China awards held by YUM employees. The total fair value at grant date of awards for both YUM and Yum China awards held by YUM employees that vested during 2017, 2016 and 2015 was $33 million, $41 million and $42 million, respectively.

RSUs and PSUs

As of December 31, 2017, there was $20 million of unrecognized compensation cost related to 1.0 million unvested RSUs and PSUs. The total fair value at grant date of awards that vested during 2017, 2016 and 2015 was $10 million, $7 million and $11 million, respectively.

Impact on Net Income

The components of share-based compensation expense and the related income tax benefits are shown in the following table:

	2017	2016	2015
Options and SARs	$ 30	$ 38	$ 41
Restricted Stock Units	26	38	3

Performance Share Units	9	4	2
Total Share-based Compensation Expense	$ 65 (a)	$ 80 (b)	$ 46
Deferred Tax Benefit recognized	$ 22 (c)	$ 26	$ 15
EID compensation expense not share-based	$ 12	$ 5	$ 1

(a) Includes $18 million due to appreciation in the market price of Yum China's stock. See Note 5.

(b) Includes $30 million due to modifications of awards in connection with the Separation that was not allocated to any of our operating segments for performance purposes. See Note 5.

(c) Deferred tax benefit recognized does not reflect the impact of the Tax Act. See Note 18.

Cash received from stock option exercises for 2017, 2016 and 2015, was $12 million, $5 million and $12 million, respectively. Tax benefits realized on our tax returns from tax deductions associated with share-based compensation for 2017, 2016 and 2015 totaled $153 million, $109 million and $62 million, respectively.

Shareholders' Equity	12 Months Ended Dec. 31, 2017
Stockholders' Equity Note [Abstract]	
Shareholders' Equity	Shareholders' Deficit

Shareholders' Deficit

Under the authority of our Board of Directors, we repurchased shares of our Common Stock during 2017, 2016 and 2015. All amounts exclude applicable transaction fees.

	Shares Repurchased (thousands)			**Dollar Value of Shares Repurchased**		
Authorization Date	2017	2016	2015	2017	2016	2015
November 2017	—	—	—	$ —	$ —	$ —
November 2016	26,561	1,337	—	1,915	85	—
May 2016	—	50,435	—	—	4,200	—
March 2016	—	2,823	—	—	229	—
December 2015	—	13,368	932	—	933	67
November 2014	—	—	13,231	—	—	1,000
November 2013	—	—	1,779	—	—	133
Total	26,561 [(a)]	67,963 [(a)]	15,942	$1,915 [(a)]	$5,447 [(a)]	$1,200

(a) 2017 amount excludes and 2016 amount includes the effect of $45 million in share repurchases (0.7 million shares) with trade dates prior to December 31, 2016 but settlement dates subsequent to December 31, 2016.

On November 16, 2017, our Board of Directors authorized share repurchases through December 2018 of up to $1.5 billion (excluding applicable transaction fees) of our outstanding Common Stock. As of December 31, 2017, we have remaining capacity to repurchase up to $1.5 billion of Common Stock under this authorization.

Changes in AOCI are presented below.

	Translation Adjustments and Gains (Losses) From Intra-Entity Transactions of a Long-Term Nature[(a)]	Pension and Post-Retirement Benefits[(b)]	Derivative Instruments[(c)]	Total
Balance at December 31, 2015, net of tax	$ (125)	$ (113)	$ (14)	$ (252)
Gains (losses) arising during the year classified into AOCI, net of tax	(153)	(41)	37	(157)
(Gains) losses reclassified from AOCI, net of tax	(11)	27	(18)	(2)

OCI, net of tax	(164)	(14)	19	(159)
Separation of China business	(47)	—	—	(47)
Balance at December 31, 2016, net of tax	$ (336)	$ (127)	$ 5	$ (458)
Gains (losses) arising during the year classified into AOCI, net of tax	107	(13)	(51)	43
(Gains) losses reclassified from AOCI, net of tax	55	34	55	144
OCI, net of tax	162	21	4	187
Balance at December 31, 2017, net of tax	$ (174)	$ (106)	$ 9	(271)

(a) Amounts reclassified from AOCI are due to substantially complete liquidations of foreign entities related to KFC Turkey, Pizza Hut Turkey, Pizza Hut Thailand and Pizza Hut Korea refranchising transactions during 2017 and the Pizza Hut Australia refranchising transaction during 2016.

(b) Amounts reclassified from AOCI for pension and post-retirement benefit plan losses during 2017 include amortization of net losses of $5 million, historical pension data adjustment of $22 million, settlement charges of $20 million, amortization of prior service cost of $5 million and related income tax benefit of $18 million. Amounts reclassified from AOCI for pension and post-retirement benefit plan losses during 2016 include amortization of net losses of $6 million, settlement charges of $33 million, amortization of prior service cost of $5 million and related income tax benefit of $17 million. See Note 15.

(c)
See Note 13 for details on amounts reclassified from AOCI.

Income Taxes	12 Months Ended Dec. 31, 2017

Income Tax Disclosure [Abstract]

Income Taxes

Income Taxes

U.S. and foreign income before taxes are set forth below:

	2017	2016	2015
U.S.	$ 662	$ 366	$ 480
Foreign	1,612	979	773
	$ 2,274	$ 1,345	$ 1,253

The details of our income tax provision (benefit) are set forth below:

		2017	2016	2015
Current:	Federal	$ (2)	$ 126	$ 267
	Foreign	290	160	133
	State	12	13	28
		$ 300	$ 299	428
Deferred:	Federal	$ 603	$ 19	(116)
	Foreign	19	3	15
	State	12	6	—
		$ 634	$ 28	$ (101)
		$ 934	$ 327	$ 327

The reconciliation of income taxes calculated at the U.S. federal statutory rate to our effective tax rate is set forth below:

	2017		2016		2015	
U.S. federal statutory rate	$ 797	35.0 %	$ 473	35.0 %	$ 438	35.0 %
State income tax, net of federal tax benefit	11	0.5	15	1.1	12	0.9
Statutory rate differential attributable to foreign operations	(212)	(9.3)	(143)	(10.5)	(175)	(13.7)
Adjustments to reserves and prior years	12	0.5	(11)	(0.8)	13	1.0
Share-based payments	(117)	(5.1)	—	—	—	—
Change in valuation allowances	34	1.5	(3)	(0.2)	41	3.0
Other, net	(25)	(1.1)	(4)	(0.3)	(2)	(0.1)
Tax Act Enactment	434	19.1	—	—	—	—
Effective income tax rate	$ 934	41.1 %	$ 327	24.3 %	$ 327	26.1 %

Statutory rate differential attributable to foreign operations. This item includes local taxes, withholding taxes, and shareholder-level taxes, net of foreign tax credits. The favorable impact is primarily attributable to a majority of our income being earned outside of the U.S. where tax rates are generally lower than the U.S. rate.

In 2015, this benefit was positively impacted by the repatriation of current year foreign earnings as we recognized excess foreign tax credits, resulting from the related effective foreign tax rate being higher than the U.S. federal statutory rate.

Adjustments to reserves and prior years. This item includes: (1) changes in tax reserves, including interest thereon, established for potential exposure we may incur if a taxing authority takes a position on a matter contrary to our position; and (2) the effects of reconciling income tax amounts recorded in our Consolidated Statements of Income to amounts reflected on our tax returns, including any adjustments to the Consolidated Balance Sheets. The impact of certain effects or changes may offset items reflected in the *'Statutory rate differential attributable to foreign operations'* line.

In 2016, this item was favorably impacted by the resolution of uncertain tax positions in the U.S.

Share-based payments. 2017 includes a $117 million tax benefit related to the excess tax benefits from share-based payments. These excess benefits were largely associated with deferred compensation payouts to recently retired employees. See Note 2 for discussion related to the adoption of a new accounting standard for share based payments in 2017.

Change in valuation allowances. This item relates to changes for deferred tax assets generated or utilized during the current year and changes in our judgment regarding the likelihood of using deferred tax assets that existed at the beginning of the year. The impact of certain changes may offset items reflected in the *'Statutory rate differential attributable to foreign operations'* line.

In 2017, $34 million of net tax expense was driven by valuation allowances recorded against deferred tax assets generated in the current year. This amount excludes a valuation allowance of $189 million related to the Tax Act.

In 2016, $3 million of net tax benefit was driven by $14 million in net tax expense for valuation allowances recorded against deferred tax assets generated in the current year and $17 million in net tax benefit for valuation allowances resulting from a change in judgment regarding the future use of certain deferred tax assets that existed at the beginning of the year.

In 2015, $41 million of net tax expense was driven by $17 million for valuation allowances recorded against deferred tax assets generated in the current year and $24 million in net tax expense resulting from a change in judgment regarding the future use of certain deferred tax assets that existed at the beginning of the year.

Other. This item primarily includes the impact of permanent differences related to current year earnings as well as U.S. tax credits and deductions.

In 2017, this item was primarily driven by the favorable impact of certain international refranchising gains.

Tax Act Enactment. On December 22, 2017, the U.S. government enacted comprehensive Federal tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "Tax Act"). The Tax Act significantly modifies the U.S. corporate income tax system by, among other things, reducing the federal income tax rate from 35% to 21%, limiting certain deductions, including limiting the deductibility of interest expense to 30% of U.S. Earnings Before Interest, Taxes, Depreciation and Amortization, imposing a mandatory one-time deemed repatriation tax on accumulated foreign earnings and creating a territorial tax system that changes the manner in which future foreign earnings are subject to U.S. tax. On December 22, 2017, the SEC staff issued Staff Accounting Bulletin 118 that allows us to record provisional amounts related to the impacts of the Tax Act during a measurement period not to extend beyond one year of the enactment date. We currently are analyzing the Tax Act and have made reasonable estimates of the effects on our Consolidated Financial Statements and tax disclosures, including the amount of the deemed repatriation tax and changes to our existing deferred tax balances.

The deemed repatriation tax is based on our accumulated foreign earnings and profits that we previously deferred from U.S. income taxes. We recorded an estimated amount for our repatriation tax liability of $170 million as of December 31, 2017. In addition, we remeasured certain net deferred tax assets and liabilities based on the tax rates at which they are expected to reverse in the future. The estimated amount recorded related to the remeasurement of these balances was a net expense of $75 million. Lastly, we recorded a valuation allowance of $189 million on our remaining foreign tax credit carryforwards which are unlikely to be realized under the U.S. territorial tax system. The estimated total impact upon enactment of the Tax Act is $434 million.

We consider the key estimates on the deemed repatriation tax, net deferred tax remeasurement and the impact on our foreign tax credit carryforwards to be incomplete due to our continuing analysis of final year-end data and tax positions. Our analysis could affect the measurement of these balances and give rise to new deferred and other tax assets and liabilities. Since the Tax Act was passed late in the fourth quarter of 2017, and further guidance and accounting interpretation is expected over the next 12 months, our review is still pending. We expect to complete our analysis of the amounts recorded upon enactment of the Tax Act within the measurement period of one year.

The details of 2017 and 2016 deferred tax assets (liabilities) are set forth below:

	2017	2016
Operating losses	$ 216	$ 172
Capital losses	4	184
Tax credit carryforwards	311	284
Employee benefits	94	185
Share-based compensation	58	100
Self-insured casualty claims	7	32
Lease-related liabilities	51	65
Various liabilities	51	56
Property, plant and equipment	24	37
Deferred income and other	31	32
Gross deferred tax assets	847	1,147
Deferred tax asset valuation allowances	(421)	(195)
Net deferred tax assets	$ 426	$ 952
Intangible assets, including goodwill	$ (69)	$ (107)
Property, plant and equipment	(18)	(46)
Deemed repatriation tax	(170)	—
Other	(36)	(34)
Gross deferred tax liabilities	$ (293)	$ (187)
Net deferred tax assets (liabilities)	$ 133	$ 765
Reported in Consolidated Balance Sheets as:		
Deferred income taxes	$ 139	$ 772
Other liabilities and deferred credits	(6)	(7)
	$ 133	$ 765

As of December 31, 2017, we had approximately $3.2 billion of unremitted foreign earnings. We have historically reinvested all the unremitted earnings of our foreign subsidiaries and affiliates, and therefore have not recognized any U.S. deferred tax liability on these earnings. However, upon the enactment of the Tax Act, the unremitted earnings of our foreign subsidiaries and affiliates are subject to U.S. tax due to the mandatory deemed repatriation tax on accumulated foreign earnings provision. As a result, we recognized a one-time income tax expense of $170 million. Our intent is to indefinitely reinvest our unremitted earnings outside the U.S. and our current plans do not demonstrate a need to repatriate these amounts to fund our U.S. operations. Thus, for our investments in foreign subsidiaries where the carrying values for financial reporting exceed the tax basis, we have not provided taxes, other than U.S. federal taxes, for the portion of the excess that we believe is permanently invested, as we have the ability and intent to indefinitely postpone these basis differences from reversing with a tax consequence. However, if these funds were repatriated, we would be required to accrue and pay applicable income taxes (if any) and withholding taxes payable to various countries. A determination of the deferred tax liability on this amount is not practicable.

At December 31, 2017, the Company has foreign operating and capital loss carryforwards of $0.5 billion and U.S. state operating loss and tax credit carryforwards of $1.1 billion and U.S. federal tax credit carryforwards of $0.3 billion. A valuation allowance of $434 million has been recorded against the carryforwards that are not likely to be realized. These losses are being carried forward in jurisdictions where we are permitted to use tax losses from prior periods to reduce future taxable income and will expire as follows:

	Year of Expiration				
	2018	2019-2022	2023-2036	Indefinitely	Total
Foreign	$ 9	$ 46	$ 85	$ 376	$ 516
U.S. state	—	61	1,012	—	1,073
U.S. federal	—	67	238	—	305
	$ 9	$ 174	$ 1,335	$ 376	$ 1,894

We recognize the benefit of positions taken or expected to be taken in tax returns in the Consolidated Financial Statements when it is more likely than not that the position would be sustained upon examination by tax authorities. A recognized tax position is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement.

The Company had $100 million and $91 million of unrecognized tax benefits at December 31, 2017 and December 31, 2016, respectively, $10 million and $87 million of which are temporary in nature and if recognized, would not impact the effective income tax rate. A reconciliation of the beginning and ending amount of unrecognized tax benefits follows:

	2017	2016
Beginning of Year	$ 91	$ 98
Additions on tax positions - current year	3	—
Additions for tax positions - prior years	8	1
Reductions for tax positions - prior years	—	(5)
Reductions for settlements	(1)	(1)
Reductions due to statute expiration	(1)	(2)
Foreign currency translation adjustment	—	—
End of Year	$ 100	$ 91

The Company believes its unrecognized tax benefits will not materially increase or decrease in the next 12 months.

The Company's income tax returns are subject to examination in the U.S. federal jurisdiction and numerous U.S. state and foreign jurisdictions.

The Company has settled audits with the IRS through fiscal year 2010. Our operations in certain foreign jurisdictions remain subject to examination for tax years as far back as 2006, some of which years are currently under audit by local tax authorities.

The accrued interest and penalties related to income taxes at December 31, 2017 and December 31, 2016 are set forth below:

	2017	2016
Accrued interest and penalties	$ 14	$ 9

During 2017, 2016 and 2015, a net expense of $5 million, a net benefit of $4 million and a net expense of $5 million, respectively, for interest and penalties was recognized in our Consolidated Statements of Income as components of its Income tax provision.

In October 2016, the Company completed the separation of its China business into an independent publicly-traded company. The transaction has been treated as qualifying as a tax-free reorganization for U.S. income tax purposes. In addition, the Company considered the China indirect income tax on indirect transfers of assets by nonresident enterprises and concluded that it does not apply to the separation transaction.

Reportable Operating Segments	**12 Months Ended Dec. 31, 2017**
Reportable Operating Segments [Abstract]	
Reportable Operating Segments	Reportable Operating Segments

See Note 1 for a description of our operating segments.

	Revenues		
	2017	2016	2015
KFC Division[a]	$ 3,110	$ 3,225	$ 3,222
Pizza Hut Division[a]	893	1,108	1,205
Taco Bell Division[a]	1,880	2,025	1,991
Unallocated[b][f]	(5)	(2)	—
	$ 5,878	$ 6,356	$ 6,418

	Operating Profit; Interest Expense, Net; and Income Before Income Taxes		
	2017	2016	2015
KFC Division	$ 981	$ 871	$ 835
Pizza Hut Division	341	367	351
Taco Bell Division	619	595	546
Unallocated Franchise and license fees and income[b][f]	(5)	(2)	—
Unallocated restaurant costs[b][i]	10	—	—
Unallocated Franchise and license expenses[b][f]	(30)	(24)	(71)
Corporate and unallocated G&A expenses[b][g]	(230)	(280)	(180)
Unallocated Refranchising gain (loss)[b]	1,083	163	(23)
Unallocated Other income (expense)[b][h]	(8)	(8)	(24)
Operating Profit	2,761	1,682	1,434
Other pension income (expense)[b][j]	(47)	(32)	(40)
Interest expense, net[b]	(440)	(305)	(141)
Income from continuing operations before income taxes	$ 2,274	$ 1,345	$ 1,253

	Depreciation and Amortization		
	2017	2016	2015
KFC Division	$ 138	$ 172	180
Pizza Hut Division	26	36	40
Taco Bell Division	82	90	89
Corporate	7	12	10
	$ 253	$ 310	$ 319

	Capital Spending		
	2017	2016	2015

KFC Division	$ 176	$ 216	$ 260
Pizza Hut Division	42	69	54
Taco Bell Division	95	132	116
Corporate	5	10	12
	$ 318	$ 427	$ 442

	Identifiable Assets	
	2017	2016
KFC Division[e]	$ 1,791	$ 2,158
Pizza Hut Division[e]	628	639
Taco Bell Division[e]	1,086	1,178
Corporate[c][e]	1,806	1,478
	$ 5,311	$ 5,453

	Long-Lived Assets[d]	
	2017	2016
KFC Division	$ 1,200	$ 1,537
Pizza Hut Division	310	372
Taco Bell Division	778	859
Corporate	31	32
	$ 2,319	$ 2,800

(a) U.S. revenues included in the combined KFC, Pizza Hut and Taco Bell Divisions totaled $2.8 billion in 2017, $3.1 billion in 2016 and $3.1 billion in 2015.

(b) Amounts have not been allocated to any segment for performance reporting purposes.

(c) Primarily includes cash and deferred tax assets.

(d) Includes PP&E, goodwill, and intangible assets, net.

(e) U.S. identifiable assets included in the combined Corporate and KFC, Pizza Hut and Taco Bell Divisions totaled $3.0 billion and $3.1 billion in 2017 and 2016, respectively.

(f) Represents costs associated with the KFC U.S. Acceleration Agreement and Pizza Hut U.S. Transformation Agreement. See Note 5.

(g) Amounts in 2017 include costs related to YUM’s Strategic Transformation Initiatives of $21 million, non-cash charges associated with modifications of share-based compensation awards of $18 million and costs associated with the Pizza Hut U.S. Transformation Agreement of $13 million. Amounts in 2016 included costs related to YUM's Strategic Transformation Initiatives of $61 million and non-cash charges associated with the modifications of share-based compensation awards of $30 million. See Note 5.

(h) Amounts include losses associated with the sale of corporate aircraft related to YUM’s Strategic Transformation Initiatives of $2 million and $9 million in 2017 and 2016, respectively. See Note 8.

(i) Represents depreciation reductions arising primarily from KFC restaurants that were held-for-sale. See Note 5.

(j)
Amounts in 2017 include a non-cash charge of $22 million related to the adjustment of certain historical deferred vested liability balances in our qualified U.S. plan. Amounts in 2016 include a settlement charge of $24 million related to the Company allowing certain former employees with deferred vested balances in the Yum Retirement Plan an opportunity to voluntarily elect early payout of their pension benefits. See Note 5.

Contingencies	12 Months Ended Dec. 31, 2017
Commitments and Contingencies Disclosure [Abstract]	
Contingencies	Contingencies

Contingencies

Lease Guarantees

As a result of having assigned our interest in obligations under real estate leases as a condition to the refranchising of certain Company-owned restaurants, and guaranteeing certain other leases, we are frequently contingently liable on lease agreements. These leases have varying terms, the latest of which expires in 2065. As of December 31, 2017, the potential amount of undiscounted payments we could be required to make in the event of non-payment by the primary lessee was approximately $600 million. The present value of these potential payments discounted at our pre-tax cost of debt at December 31, 2017 was
approximately $500 million. Our franchisees are the primary lessees under the vast majority of these leases. We generally have cross-default provisions with these franchisees that would put them in default of their franchise agreement in the event of non-payment under the lease. We believe these cross-default provisions significantly reduce the risk that we will be required to make payments under these leases. Accordingly, the liability recorded for our probable exposure under such leases at December 31, 2017 and December 31, 2016 was not material.

Franchise Loan Pool and Equipment Guarantees

We have agreed to provide financial support, if required, to a variable interest entity that operates a franchisee lending program used primarily to assist franchisees in the development of new restaurants or the upgrade of existing restaurants and, to a lesser extent, in connection with the Company's refranchising programs in the U.S. We have determined that we are not required to consolidate this entity as we share the power to direct this entity's lending activity with other parties. We have provided guarantees of 20% of the outstanding loans of the franchisee loan program. As such, at December 31, 2017 our guarantee exposure under this program is $3 million based on total loans outstanding of $15 million.

In addition to the guarantees described above, YUM has agreed to provide guarantees of up to $43 million on behalf of franchisees for several financing programs related to equipment purchases and refranchising. At December 31, 2017, our guarantee exposure under these financing programs is $10 million based on total loans outstanding of $31 million.

Insurance Programs

We are self-insured for a substantial portion of our current and prior years' coverage including property and casualty losses. To mitigate the cost of our exposures for certain property and casualty losses, we self-insure the risks of loss up to defined maximum per occurrence retentions on a line-by-line basis. The Company then purchases insurance coverage, up to a certain limit, for losses that exceed the self-insurance per occurrence retention. The insurers' maximum aggregate loss limits are significantly above our actuarially determined probable losses; therefore, we believe the likelihood of losses exceeding the insurers' maximum aggregate loss limits is remote.

The following table summarizes the 2017 and 2016 activity related to our net self-insured property and casualty reserves as of December 31, 2017.

	Beginning Balance	Expense	Payments	Ending Balance
2017 Activity	$ 98	27	(41)	$ 84

2016 Activity	$	102	42	(46)	$ 98

Due to the inherent volatility of actuarially determined property and casualty loss estimates, it is reasonably possible that we could experience changes in estimated losses which could be material to our growth in quarterly and annual Net Income. We believe that we have recorded reserves for property and casualty losses at a level which has substantially mitigated the potential negative impact of adverse developments and/or volatility.

In the U.S. and in certain other countries, we are also self-insured for healthcare claims and long-term disability for eligible participating employees subject to certain deductibles and limitations. We have accounted for our retained liabilities for property and casualty losses, healthcare and long-term disability claims, including reported and incurred but not reported claims, based on information provided by independent actuaries.

Legal Proceedings

We are subject to various claims and contingencies related to lawsuits, real estate, environmental and other matters arising in the normal course of business. An accrual is recorded with respect to claims or contingencies for which a loss is determined to be probable and reasonably estimable.

We are currently engaged in various legal proceedings and have certain unresolved claims pending, the ultimate liability for which, if any, cannot be determined at this time. However, based upon consultation with legal counsel, we are of the opinion that such proceedings and claims are not expected to have a material adverse effect, individually or in the aggregate, on our Consolidated Financial Statements.

Selected Quarterly Financial Data (Unaudited) — **12 Months Ended Dec. 31, 2017**

Selected Quarterly Financial Data (Unaudited) [Abstract]

Selected Quarterly Financial Data (Unaudited)

Selected Quarterly Financial Data (Unaudited)

	2017				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenues:					
Company sales	$ 902	$ 909	$ 871	$ 890	$ 3,572
Franchise and license fees and income	515	539	565	687	2,306
Total revenues	1,417	1,448	1,436	1,577	5,878
Restaurant profit	144	161	154	159	618
Operating Profit(a)	484	419	643	1,215	2,761
Net Income	280	206	418	436	1,340
Basic earnings per common share from continuing operations	0.78	0.59	1.21	1.29	3.86
Diluted earnings per common share from continuing operations	0.77	0.58	1.18	1.26	3.77
Dividends declared per common share	0.30	0.30	—	0.30	0.90

	2016				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenues:					
Company sales	$ 953	$ 1,006	$ 992	$ 1,238	$ 4,189
Franchise and license fees and income	490	503	526	648	2,167
Total revenues	1,443	1,509	1,518	1,886	6,356
Restaurant profit	148	167	161	224	700
Operating Profit(b)	349	415	398	520	1,682
Income from continuing operations, net of tax	226	266	218	308	1,018
Income (loss) from discontinued operations, net of tax	138	70	422	(5)	625
Net Income	364	336	640	303	1,643
Basic earnings per common share from continuing operations	0.55	0.65	0.56	0.84	2.58
Basic earnings (loss) per common share from discontinued operations	0.33	0.17	1.09	(0.01)	1.59
Basic earnings per common share	0.88	0.82	1.65	0.83	4.17
Diluted earnings per common share from continuing operations	0.54	0.64	0.55	0.83	2.54
Diluted earnings (loss) per common share from discontinued operations	0.33	0.17	1.07	(0.01)	1.56

Diluted earnings per common share	0.87	0.81	1.62	0.82	4.10
Dividends declared per common share	0.46	0.46	0.51	0.30	1.73

(a) Includes net gains from refranchising initiatives of $111 million, $19 million, $201 million and $752 million in the first, second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $7 million, $4 million, $4 million and $8 million in the first, second, third and fourth quarters, respectively, costs associated with the Pizza Hut U.S. Transformation Agreement of $12 million, $8 million and $11 million in the second, third and fourth quarters, respectively, costs associated with the KFC U.S. Acceleration Agreement of $3 million, $5 million, $4 million and $5 million in the first, second, third and fourth quarters, respectively and non-cash charges associated with the modification of share-based compensation awards in connection with the Separation of $2 million and $16 million in the first and second quarters, respectively.

(b)

Includes net gains from refranchising initiatives of $54 million, $21 million and $88 million in the second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $4 million, $30 million and $33 million in the second, third and fourth quarters, respectively, a non-cash charge primarily associated with the modification of share-based compensation awards in connection with the Separation of $30 million in the fourth quarter and costs associated with KFC U.S. Acceleration Agreement of $9 million, $8 million and $9 million in the first, second and fourth quarters, respectively. See Note 5.

Subsequent Events - USD ($) shares in Millions, $ in Millions	12 Months Ended Dec. 31, 2017	Feb. 07, 2018
Subsequent Event [Line Items]		
Subsequent Events [Text Block]	Subsequent Events On February 7, 2018, certain of our subsidiaries entered into a master services agreement with a subsidiary of Grubhub Inc. (“Grubhub”), the leading online and mobile takeout food-ordering company in the U.S., which is intended to provide dedicated support for the KFC and Taco Bell branded online delivery channels in the U.S. through Grubhub’s online ordering platform, logistics and last-mile support for delivery orders, as well as point-of-sale integration to streamline operations. Concurrently with the master services agreement, one of our subsidiaries entered into an investment agreement with Grubhub to invest $200 million in exchange for approximately 2.8 million shares of Grubhub common stock, subject to customary closing conditions. In connection with the closing of the investment, Grubhub has agreed to appoint a YUM representative to Grubhub’s Board of Directors. We expect the closing of the investment to occur prior to the end of the first quarter of 2018.	
Investments in unconsolidated affiliates		$ 200
Investment Owned, Balance, Shares		2.8

Summary of Significant Accounting Policies (Policies)

Accounting Policies [Abstract]

	12 Months Ended Dec. 31, 2017
Principles of Consolidation and Basis of Preparation	

Principles of Consolidation and Basis of Preparation. Intercompany accounts and transactions have been eliminated in consolidation. We consolidate entities in which we have a controlling financial interest, the usual condition of which is ownership of a majority voting interest. We also consider for consolidation an entity, in which we have certain interests, where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity ("VIE"), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it.

Our most significant variable interests are in entities that operate restaurants under our Concepts' franchise and license arrangements. We do not have an equity interest in any of our franchisee businesses. Additionally, we do not typically provide significant financial support such as loans or guarantees to our franchisees. However, we do have variable interests in certain franchisees through real estate lease arrangements to which we are a party. At the end of 2017, YUM has future lease payments due from franchisees, on a nominal basis, of approximately $725 million, and we are contingently liable on certain other lease agreements that have been assigned to franchisees. See the Lease Guarantees and Franchise Loan Pool and Equipment Guarantees sections in Note 20. As our franchise and license arrangements provide our franchisee entities the power to direct the activities that most significantly impact their economic performance, we do not consider ourselves the primary beneficiary of any such entity that might otherwise be considered a VIE.

See Note 20 for additional information on our entity that operates a franchise lending program that is a VIE in which we have a variable interest but for which we are not the primary beneficiary and thus do not consolidate.

We participate in various advertising cooperatives with our franchisees established to collect and administer funds contributed for use in advertising and promotional programs designed to increase sales and enhance the reputation of the Company and its franchise owners. Contributions to the advertising cooperatives are required for both Company-owned and franchise restaurants and are generally based on a percentage of restaurant sales. We maintain certain variable interests in these cooperatives. As the cooperatives are required to spend all funds collected on advertising and promotional programs, total equity at risk is not sufficient to permit the cooperatives to finance their activities without additional subordinated financial support. Therefore, these cooperatives are VIEs. As a result of our voting rights, we consolidate certain of these cooperatives for which we are the primary beneficiary. Advertising cooperative assets, consisting primarily of cash received from the Company and franchisees and accounts receivable from franchisees, can only be used to settle obligations of the respective cooperative. Advertising cooperative liabilities represent the corresponding obligation arising from the receipt of the contributions to purchase advertising and promotional programs for which creditors do not have recourse to the general credit of the Company as the primary beneficiary. Therefore, we report all assets and liabilities of these advertising cooperatives that we consolidate as Advertising cooperative assets, restricted and Advertising cooperative liabilities in the Consolidated Balance Sheet. As the contributions to these cooperatives are designated and segregated for advertising, we act as an agent for the franchisees with regard to these contributions. Thus, we do not reflect franchisee contributions to these cooperatives in our Consolidated Statements of Income or Consolidated Statements of Cash Flows.

Fiscal Year

Fiscal Year. Our fiscal years have historically ended on the last Saturday in December and, as a result, a 53rd week was added every five or six years. The first three quarters of each fiscal year consisted of 12 weeks and the fourth quarter consisted of 16 weeks in fiscal years with 52 weeks and 17 weeks in fiscal years with 53 weeks. Our U.S. subsidiaries and certain international subsidiaries operated on similar fiscal calendars. Our remaining international subsidiaries operated on a monthly calendar, and thus never had a 53rd week, with two months in the first quarter, three months in the second and third quarters and four months in the fourth quarter. Certain international subsidiaries within our KFC, Pizza Hut and Taco Bell divisions have historically closed approximately one month or one period earlier to facilitate consolidated reporting.

Fiscal year 2016 included 53 weeks for our U.S. businesses and for our international subsidiaries that reported on a period calendar. The 53rd week added $76 million to Total revenues and $28 million to Operating Profit in our 2016 Consolidated Statement of Income.

On January 27, 2017, YUM's Board of Directors approved a change in the Company's fiscal year from a year ending on the last Saturday of December to a year beginning on January 1 and ending December 31 of each year, commencing with the year ending December 31, 2017. In connection with this change, the Company moved from a 52-week periodic fiscal calendar with three 12-week interim quarters and a 16-week fourth quarter to a monthly reporting calendar with each quarter comprised of three months. Our U.S. subsidiaries continue to report on a period calendar as described above.

Concurrent with the change in the Company's fiscal year, we also eliminated the one month or one period reporting lags of our international subsidiaries. As a result of removing these reporting lags, each international subsidiary operates either on a monthly calendar consistent with the Company's new calendar or on a periodic calendar consistent with our U.S. subsidiaries. We believe this change in our international subsidiary reporting calendars and the resulting elimination of reporting lags is preferable because a more current reporting calendar allows the Consolidated Financial Statements to more consistently and more timely reflect the impact of current events, economic conditions and global trends.

The change to the Company's fiscal year and removal of the international reporting lags is effective in 2017. We have applied this change in accounting principle retrospectively to all prior financial periods presented and the impact of this change is summarized in Note 5. The impact of the change in accounting principle on the current period Consolidated Financial Statements is similar to the impact on the prior period results discussed in Note 5.

Foreign Currency

Foreign Currency. The functional currency of our foreign entities is the currency of the primary economic environment in which the entity operates. Functional currency determinations are made based upon a number of economic factors, including but not limited to cash flows and financing transactions. The operations, assets and liabilities of our entities outside the U.S. are initially measured using the functional currency of that entity. Income and expense accounts for our operations of these foreign entities are then translated into U.S. dollars at the average exchange rates prevailing during the period. Assets and liabilities of these foreign entities are then translated into U.S. dollars at exchange rates in effect at the balance sheet date. As of December 31, 2017, net cumulative translation adjustment losses of $174 million are recorded in Accumulated other comprehensive loss ("AOCI") in the Consolidated Balance Sheet.

The majority of our foreign currency net asset exposure is in countries where we have Company-owned restaurants. As we manage and share resources at the individual brand level within a country, cumulative translation adjustments are recorded and tracked at the foreign-entity level that represents the operations of our individual brands within that country. Translation adjustments recorded in AOCI are subsequently recognized as income or expense generally only upon sale of the related investment in a foreign entity, or upon a sale of assets and liabilities within a foreign entity that represents a complete or substantially complete liquidation of that foreign entity. For purposes of determining whether a sale or complete or substantially complete liquidation of an investment in a foreign entity has occurred, we consider those same foreign entities for which we record and track cumulative translation adjustments.

Gains and losses arising from the impact of foreign currency exchange rate fluctuations on transactions in foreign currency are included in Other (income) expense in our Consolidated Statements of Income.

Reclassifications

Reclassifications. We have reclassified certain items in the Consolidated Financial Statements for prior periods to be comparable with the classification for the fiscal year ended December 31, 2017. These reclassifications had no effect on previously reported Net Income, as restated.

Franchise and License Operations

Franchise Operations. We execute store-level franchise agreements for units operated by third parties which set out the terms of our arrangement with the franchisee. Our franchise agreements typically require the franchisee to pay an initial, non-refundable fee upon an individual store opening and continuing fees based upon a percentage of sales. Subject to our approval and their payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration. Additionally, we execute master franchise agreements in certain regions that transfer administrative and development obligations and sub-franchising rights to a franchisee in exchange for reduced franchise fees.

The internal costs we incur to provide support services to our franchisees are charged to General and administrative expenses (“G&A”) as incurred. Certain direct costs of our franchise operations are charged to Franchise and license expenses. These costs include provisions for estimated uncollectible fees, rent or depreciation expense associated with restaurants we lease or sublease to franchisees, franchise marketing funding, amortization expense for franchise-related intangible assets, value added taxes on royalties and certain other direct incremental franchise support costs.

Revenue Recognition

Revenue Recognition. Revenues from Company-owned restaurants are recognized when payment is tendered at the time of sale. The Company presents sales net of sales-related taxes. Income from our franchisees includes initial fees, continuing fees, renewal fees and rental income from restaurants we lease or sublease to them. We recognize initial fees received from a franchisee as revenue when we have performed substantially all initial services required by the franchise agreement, which is generally upon the opening of a store. We recognize continuing fees, which are based upon a percentage of franchisee sales as those sales occur and rental income is recognized as it is earned. We recognize renewal fees when a renewal agreement with a franchisee becomes effective.

While the majority of our franchise agreements are entered into with terms and conditions consistent with those at a prevailing market rate, there are instances when we enter into franchise agreements with terms that are not at market rates (for example, below-market continuing fees) for a specified period of time. We recognize the estimated value of terms in franchise agreements entered into concurrently with a refranchising transaction that are not consistent with market terms as part of the upfront Refranchising (gain) loss and amortize that amount into Franchise and license fees and income over the period such terms are in effect. The value of terms that are not considered to be at market within franchise agreements is estimated based upon the difference between the present value of the cash expected to be received under the franchise agreement and the present value of the cash that would have been expected to be received under a franchise agreement with terms substantially consistent with market.

Direct Marketing Costs

Direct Marketing Costs. To the extent we participate in advertising cooperatives, we expense our contributions as incurred which are based on a percentage of sales. We charge direct marketing costs incurred outside of a cooperative to expense ratably in relation to revenues over the year in which incurred and, in the case of advertising production costs, in the year the advertisement is first shown. Deferred direct marketing costs, which are classified as prepaid expenses, consist of media and related advertising production costs which will generally be used for the first time in the next fiscal year and have historically not been significant. Our advertising expenses were $245 million, $260 million and $253 million in 2017, 2016 and 2015, respectively. We report the majority of our direct marketing costs in Occupancy and other operating expenses as they are incurred as a percentage of sales by Company-owned restaurants. Advertising incurred on behalf of franchised restaurants is recorded within Franchise and license expenses, including $25 million related to the Pizza Hut U.S. Transformation Agreement and $20 million related to the KFC U.S. Acceleration Agreement in 2017. See Note 5 for further discussion of these agreements.

Research and Development Expenses

Research and Development Expenses. Research and development expenses, which we expense as incurred, are reported in G&A. Research and development expenses were $22 million, $24 million and $23 million in 2017, 2016 and 2015, respectively.

Share-Based Employee Compensation

Share-Based Employee Compensation. We recognize ongoing share-based payments to employees, including grants of employee stock options and stock appreciation rights (“SARs”), in the Consolidated Financial Statements as compensation cost over the service period based on their fair value on the date of grant. This compensation cost is recognized over the service period on a straight-line basis, net of an assumed forfeiture rate, for awards that actually vest. We present this compensation cost consistent with the other compensation costs for the employee recipient in either Payroll and employee benefits or G&A. See Note 16 for further discussion of our share-based compensation plans.

Legal Costs

Legal Costs. Settlement costs are accrued when they are deemed probable and reasonably estimable. Anticipated legal fees related to self-insured workers' compensation, employment practices liability, general liability, automobile liability, product liability and property losses (collectively, "property and casualty losses") are accrued when deemed probable and reasonably estimable. Legal fees not related to self-insured property and casualty losses are recognized as incurred. See Note 20 for further discussion of our legal proceedings.

Impairment or Disposal of Property, Plant and Equipment

Impairment or Disposal of Property, Plant and Equipment. Property, plant and equipment (“PP&E”) is tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. The assets are not recoverable if their carrying value is less than the undiscounted cash flows we expect to generate from such assets. If the assets are not deemed to be recoverable, impairment is measured based on the excess of their carrying value over their fair value.

For purposes of impairment testing for our restaurants, we have concluded that an individual restaurant is the lowest level of independent cash flows unless it is more likely than not that we will refranchise restaurants as a group. We review our long-lived assets of such individual restaurants (primarily PP&E and allocated intangible assets subject to amortization) semi-annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable. We use two consecutive years of operating losses as our primary indicator of potential impairment for our semi-annual impairment testing of these restaurant assets. We evaluate the recoverability of these restaurant assets by comparing the estimated undiscounted future cash flows, which are based on our entity-specific assumptions, to the carrying value of such assets. For restaurant assets that are not deemed to be recoverable, we write-down an impaired restaurant to its estimated fair value, which becomes its new cost basis. Fair value is an estimate of the price a franchisee would pay for the restaurant and its related assets and is determined by discounting the estimated future after-tax cash flows of the restaurant, which include a deduction for royalties we would receive under a franchise agreement with terms substantially at market. The after-tax cash flows incorporate reasonable assumptions we believe a franchisee would make such as sales growth and margin improvement. The discount rate used in the fair value calculation is our estimate of the required rate of return that a franchisee would expect to receive when purchasing a similar restaurant and the related long-lived assets. The discount rate incorporates rates of returns for historical refranchising market transactions and is commensurate with the risks and uncertainty inherent in the forecasted cash flows.

In executing our refranchising initiatives, we most often offer groups of restaurants for sale. When we believe it is more likely than not a restaurant or groups of restaurants will be refranchised for a price less than their carrying value, but do not believe the restaurant(s) have met the criteria to be classified as held for sale, we review the restaurants for impairment. We evaluate the recoverability of these restaurant assets by comparing estimated sales proceeds plus holding period cash flows, if any, to the carrying value of the restaurant or group of restaurants. For restaurant assets that are not deemed to be recoverable, we recognize impairment for any excess of carrying value over the fair value of the restaurants, which is based on the expected net sales proceeds. To the extent ongoing agreements to be entered into with the franchisee simultaneous with the refranchising are expected to contain terms, such as royalty rates, not at prevailing market rates, we consider the off-market terms in our impairment evaluation. We recognize any such impairment charges in Refranchising (gain) loss. Refranchising (gain) loss includes the gains or losses from the sales of our restaurants to new and existing franchisees, including any impairment charges discussed above, and associated termination, relocation or retention costs associated with store-level employees of refranchised stores or employees of restaurant-support centers which we have closed due to refranchising. We recognize gains on restaurant refranchisings when the sale transaction closes and control of the restaurant operations have transferred to the franchisee.

When we decide to close a restaurant, it is reviewed for impairment and depreciable lives are adjusted based on the expected disposal date. Other costs incurred when closing a restaurant such as costs of disposing of the assets as well as other facility-related expenses from previously closed stores are generally expensed as incurred. Additionally, at the date we cease using a property under an operating lease, we record a liability for the net present value of any remaining lease obligations, net of estimated sublease income, if any. Any costs recorded upon store closure as well as any subsequent adjustments to liabilities for remaining lease obligations as a result of lease termination or changes in estimates of sublease income are recorded in Closures and impairment (income) expenses. To the extent we sell assets, primarily land, associated with a closed store, any gain or loss upon that sale is also recorded in Closures and impairment (income) expenses.

Considerable management judgment is necessary to estimate future cash flows, including cash flows from continuing use, terminal value, sublease income and refranchising proceeds. Accordingly, actual results could vary significantly from our estimates.

Guarantees

Guarantees. We recognize, at inception of a guarantee, a liability for the fair value of certain obligations undertaken. The majority of our guarantees are issued as a result of assigning our interest in obligations under operating leases as a condition to the refranchising of certain Company restaurants. We recognize a liability for the fair value of such lease guarantees upon refranchising and upon subsequent renewals of such leases when we remain contingently liable. The related expense and any subsequent changes are included in Refranchising (gain) loss. Any expense and subsequent changes in the guarantees for other franchise support guarantees not associated with a refranchising transaction are included in Franchise and license expense.

Income Taxes

Income Taxes. We record deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as operating loss, capital loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences or carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in our Income tax provision in the period that includes the enactment date. Additionally, in determining the need for recording a valuation allowance against the carrying amount of deferred tax assets, we consider the amount of taxable income and periods over which it must be earned, actual levels of past taxable income and known trends and events or transactions that are expected to affect future levels of taxable income. Where we determine that it is more likely than not that all or a portion of an asset will not be realized, we record a valuation allowance.

We recognize the benefit of positions taken or expected to be taken in our tax returns in our income tax provision when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. We evaluate these amounts on a quarterly basis to ensure that they have been appropriately adjusted for audit settlements and other events we believe may impact the outcome. Changes in judgment that result in subsequent recognition, derecognition or a change in measurement of a tax position taken in a prior annual period (including any related interest and penalties) are recognized as a discrete item in the interim period in which the change occurs. We recognize accrued interest and penalties related to unrecognized tax benefits as components of our income tax provision.

We do not record a deferred tax liability for unremitted earnings of our foreign subsidiaries (except for the U.S. tax provided for as part of the Tax Act enacted on December 22, 2017, see Note 18) to the extent that the earnings meet the indefinite reversal criteria. This criteria is met if the foreign subsidiary has invested, or will invest, the earnings indefinitely. The decision as to the amount of unremitted earnings that we intend to maintain in non-U.S. subsidiaries considers items including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity plans and expected cash requirements in the U.S.

See Note 18 for a further discussion of our income taxes.

Fair Value Measurements

Fair Value Measurements. Fair value is the price we would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. For those assets and liabilities we record or disclose at fair value, we determine fair value based upon the quoted market price, if available. If a quoted market price is not available for identical assets, we determine fair value based upon the quoted market price of similar assets or the present value of expected future cash flows considering the risks involved, including counterparty performance risk if appropriate, and using discount rates appropriate for the duration. The fair values are assigned a level within the fair value hierarchy, depending on the source of the inputs into the calculation.

Level 1	Inputs based upon quoted prices in active markets for identical assets.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
Level 3	Inputs that are unobservable for the asset.

Cash and Cash Equivalents

Cash and Cash Equivalents. Cash equivalents represent funds we have temporarily invested (with original maturities not exceeding three months), including short-term, highly liquid debt securities. Cash and overdraft balances that meet the criteria for right of setoff are presented net on our Consolidated Balance Sheet.

Receivables

Receivables. The Company's receivables are primarily generated from ongoing business relationships with our franchisees as a result of franchise and lease agreements. Trade receivables consisting of royalties from franchisees, including Yum China, are generally due within 30 days of the period in which the corresponding sales occur and are classified as Accounts and notes receivable, net on our Consolidated Balance Sheet. Yum China is our largest franchisee and we recorded franchise fee revenues of approximately $260 million from Yum China in 2017. Our provision for uncollectible franchisee receivable balances is based upon pre-defined aging criteria or upon the occurrence of other events that indicate that we may not collect the balance due. Additionally, we monitor the financial condition of our franchisees and record provisions for estimated losses on receivables when we believe it probable that our franchisees will be unable to make their required payments. While we use the best information available in making our determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond our control. We recorded $5 million, less than $1 million and $6 million in net provisions within Franchise and license expenses in 2017, 2016 and 2015, respectively, related to uncollectible franchise and license trade receivables.Trade receivables that are ultimately deemed to be uncollectible, and for which collection efforts have been exhausted, are written off against the allowance for doubtful accounts.

	2017	2016
Accounts and notes receivable	$ 419	$ 384
Allowance for doubtful accounts	(19)	(14)
Accounts and notes receivable, net	$ 400	$ 370

Our financing receivables primarily consist of notes receivables and direct financing leases with franchisees which we enter into from time-to-time. As these receivables primarily relate to our ongoing business agreements with franchisees, we consider such receivables to have similar risk characteristics and evaluate them as one collective portfolio segment and class for determining the allowance for doubtful accounts. We monitor the financial condition of our franchisees and record provisions for estimated losses on receivables when we believe it is probable that our franchisees will be unable to make their required payments. Balances of notes receivable and direct financing leases due within one year are included in Accounts and notes receivable, net while amounts due beyond one year are included in Other assets. Amounts included in Other assets totaled $38 million and $29 million (net of an allowance of $2 million) at December 31, 2017 and December 31, 2016, respectively. Financing receivables that are ultimately deemed to be uncollectible, and for which collection efforts have been exhausted, are written off against the allowance for doubtful accounts. Interest income recorded on financing receivables has historically been insignificant.

Inventories

Inventories. We value our inventories at the lower of cost (computed on the first-in, first-out method) or market.

Property, Plant and Equipment

Property, Plant and Equipment. We state PP&E at cost less accumulated depreciation and amortization. We calculate depreciation and amortization on a straight-line basis over the estimated useful lives of the assets as follows: 5 to 25 years for buildings and leasehold improvements, 3 to 20 years for machinery and equipment and 3 to 7 years for capitalized software costs. We suspend depreciation and amortization on assets that are held for sale.

Leases and Leasehold Improvements

Leases and Leasehold Improvements. The Company leases land, buildings or both for certain of its restaurants and restaurant support centers worldwide. The length of our lease terms, which vary by country and often include renewal options, are an important factor in determining the appropriate accounting for leases including the initial classification of the lease as capital or operating and the timing of recognition of rent expense over the duration of the lease. We include renewal option periods in determining the term of our leases when failure to renew the lease would impose a penalty on the Company in such an amount that a renewal appears to be reasonably assured at the inception of the lease. The primary penalty to which we are subject is the economic detriment associated with the existence of leasehold improvements which might be impaired if we choose not to continue the use of the leased property. Leasehold improvements are amortized over the shorter of their estimated useful lives or the lease term. We generally do not receive leasehold improvement incentives upon opening a store that is subject to a lease.

We expense rent associated with leased land or buildings while a restaurant is being constructed whether rent is paid or we are subject to a rent holiday. Additionally, certain of the Company's operating leases contain predetermined fixed escalations of the minimum rent during the lease term. For leases with fixed escalating payments and/or rent holidays, we record rent expense on a straight-line basis over the lease term, including any option periods considered in the determination of that lease term. Contingent rentals are based on sales levels in excess of stipulated amounts, and thus are not considered minimum lease payments and are included in rent expense when attainment of the contingency is considered probable (e.g. when Company sales occur).

Internal Development Costs and Abandoned Site Costs

Internal Development Costs and Abandoned Site Costs. We capitalize direct costs associated with the site acquisition and construction of a Company unit on that site, including direct internal payroll and payroll-related costs. Only those site-specific costs incurred subsequent to the time that the site acquisition is considered probable are capitalized. If we subsequently make a determination that it is probable a site for which internal development costs have been capitalized will not be acquired or developed, any previously capitalized internal development costs are expensed and included in G&A.

Goodwill and Intangible Assets

Goodwill and Intangible Assets. From time-to-time, the Company acquires restaurants from one of our Concept’s franchisees or acquires another business. Goodwill from these acquisitions represents the excess of the cost of a business acquired over the net of the amounts assigned to assets acquired, including identifiable intangible assets and liabilities assumed. Goodwill is not amortized and has been assigned to reporting units for purposes of impairment testing. Our reporting units are our business units (which are aligned based on geography) in our KFC, Pizza Hut and Taco Bell Divisions.

We evaluate goodwill for impairment on an annual basis or more often if an event occurs or circumstances change that indicate impairment might exist. We have selected the beginning of our fourth quarter as the date on which to perform our ongoing annual impairment test for goodwill. We may elect to perform a qualitative assessment for our reporting units to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying value. If a qualitative assessment is not performed, or if as a result of a qualitative assessment it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, then the reporting unit's fair value is compared to its carrying value. Fair value is the price a willing buyer would pay for a reporting unit, and is generally estimated using discounted expected future after-tax cash flows from Company-owned restaurant operations and franchise royalties. The discount rate is our estimate of the required rate of return that a third-party buyer would expect to receive when purchasing a business from us that constitutes a reporting unit. We believe the discount rate is commensurate with the risks and uncertainty inherent in the forecasted cash flows. If the carrying value of a reporting unit exceeds its fair value, goodwill is written down to its implied fair value.

If we record goodwill upon acquisition of a restaurant(s) from a franchisee and such restaurant(s) is then sold within two years of acquisition, the goodwill associated with the acquired restaurant(s) is written off in its entirety. If the restaurant is refranchised two years or more subsequent to its acquisition, we include goodwill in the carrying amount of the restaurants disposed of based on the relative fair values of the portion of the reporting unit disposed of in the refranchising and the portion of the reporting unit that will be retained. The fair value of the portion of the reporting unit disposed of in a refranchising is determined by reference to the discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee, which includes a deduction for the anticipated, future royalties the franchisee will pay us associated with the franchise agreement entered into simultaneously with the refranchising transition. The fair value of the reporting unit retained is based on the price a willing buyer would pay for the reporting unit and includes the value of franchise agreements. Appropriate adjustments are made if a franchise agreement includes terms that are determined to not be at prevailing market rates. As such, the fair value of the reporting unit retained can include expected cash flows from future royalties from those restaurants currently being refranchised, future royalties from existing franchise businesses and company restaurant operations. As a result, the percentage of a reporting unit's goodwill that will be written off in a refranchising transaction will be less than the percentage of the reporting unit's Company-owned restaurants that are refranchised in that transaction and goodwill can be allocated to a reporting unit with only franchise restaurants.

Our definite-lived intangible assets that are not allocated to an individual restaurant are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. An intangible asset that is deemed not recoverable on an undiscounted basis is written down to its estimated fair value, which is our estimate of the price a willing buyer would pay for the intangible asset based on discounted expected future after-tax cash flows. For purposes of our impairment analysis, we update the cash flows that were initially used to value the definite-lived intangible asset to reflect our current estimates and assumptions over the asset's future remaining life.

Derivative Financial Instruments

Derivative Financial Instruments. We use derivative instruments primarily to hedge interest rate and foreign currency risks. These derivative contracts are entered into with financial institutions. We do not use derivative instruments for trading purposes and we have procedures in place to monitor and control their use.

We record all derivative instruments on our Consolidated Balance Sheet at fair value. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative instrument is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Any ineffective portion of the gain or loss on the derivative instrument for a cash flow hedge is recorded in the results of operations immediately. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in the results of operations immediately.

As a result of the use of derivative instruments, the Company is exposed to risk that the counterparties will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into contracts with carefully selected major financial institutions based upon their credit ratings and other factors, and continually assess the creditworthiness of counterparties. At December 31, 2017 and December 31, 2016, all of the counterparties to our interest rate swaps, foreign currency swaps and foreign currency forwards had investment grade ratings according to the three major ratings agencies. To date, all counterparties have performed in accordance with their contractual obligations.

Common Stock Share Repurchases

Common Stock Share Repurchases. From time-to-time, we repurchase shares of our Common Stock under share repurchase programs authorized by our Board of Directors. Shares repurchased constitute authorized, but unissued shares under the North Carolina laws under which we are incorporated. Additionally, our Common Stock has no par or stated value. Accordingly, we record the full value of share repurchases, or other deductions to Common Stock such as shares cancelled upon employee share-based award exercises, upon the trade date, against Common Stock on our Consolidated Balance Sheet except when to do so would result in a negative balance in such Common Stock account. In such instances, on a period basis, we record the cost of any further share repurchases, or other deductions to Common Stock such as shares cancelled upon employee share-based award exercises, as an addition to Accumulated deficit. Due to the large number of share repurchases of our stock over the past several years, our Common Stock balance is frequently zero at the end of any period. Accordingly, $1,915 million, $5,399 million and $1,124 million in share repurchases in 2017, 2016 and 2015, respectively, and $20 million related to shares cancelled upon employee share-based award exercises in 2017 were recorded as an addition to Accumulated deficit. See Note 17 for additional information on our share repurchases.

Pension and Post-retirement Medical Benefits

Pension and Post-retirement Medical Benefits. We measure and recognize the overfunded or underfunded status of our pension and post-retirement plans as an asset or liability in our Consolidated Balance Sheet as of our fiscal year end. The funded status represents the difference between the projected benefit obligations and the fair value of plan assets, which is calculated on a plan-by-plan basis. The projected benefit obligation and related funded status are determined using assumptions as of the end of each year. The projected benefit obligation is the present value of benefits earned to date by plan participants, including the effect of future salary increases, as applicable. The difference between the projected benefit obligations and the fair value of plan assets that has not previously been recognized in our Consolidated Statement of Income is recorded as a component of AOCI.

The net periodic benefit costs associated with the Company's defined benefit pension and post-retirement medical plans are determined using assumptions regarding the projected benefit obligation and, for funded plans, the market-related value of plan assets as of the beginning of each year, or remeasurement period, it applicable. We record the service cost component of net periodic benefit costs in G&A. Non-service cost components are recorded in Other pension (income) expense. We have elected to use a market-related value of plan assets to calculate the expected return on assets, net of administrative and investment fees paid from plan assets, in net periodic benefit costs. We recognize differences in the fair value versus the market-related value of plan assets evenly over five years. For each individual plan we amortize into pension expense the net amounts in AOCI, as adjusted for the difference between the fair value and market-related value of plan assets, to the extent that such amounts exceed 10% of the greater of a plan's projected benefit obligation or market-related value of assets, over the remaining service period of active participants in the plan or, for plans with no active participants, over the expected average life expectancy of the inactive participants in the plan. We record a curtailment when an event occurs that significantly reduces the expected years of future service or eliminates the accrual of defined benefits for the future services of a significant number of employees. We record a curtailment gain when the employees who are entitled to the benefits terminate their employment; we record a curtailment loss when it becomes probable a loss will occur.

We recognize settlement gains or losses only when we have determined that the cost of all settlements in a year will exceed the sum of the service and interest costs within an individual plan.

Summary of Significant Accounting Policies (Tables)	12 Months Ended Dec. 31, 2017
Accounting Policies [Abstract]	
Accounts and notes receivable, net	

	2017	2016
Accounts and notes receivable	$ 419	$ 384
Allowance for doubtful accounts	(19)	(14)
Accounts and notes receivable, net	$ 400	$ 370

Earnings Per Common Share ("EPS") (Tables)	12 Months Ended Dec. 31, 2017
Earnings Per Share [Abstract]	
Earnings Per Common Share	

	2017		2016		2015	
Income from continuing operations	$	1,340	$	1,018	$	926
Income from discontinued operations		N/A		625		357
Net Income	$	1,340	$	1,643	$	1,283
Weighted-average common shares outstanding (for basic calculation)		347		394		435
Effect of dilutive share-based employee compensation		8		6		8
Weighted-average common and dilutive potential common shares outstanding (for diluted calculation)		355		400		443
Basic EPS from continuing operations	$	3.86	$	2.58	$	2.13
Basic EPS from discontinued operations		N/A		1.59		0.82
Basic EPS	$	3.86	$	4.17	$	2.95
Diluted EPS from continuing operations	$	3.77	$	2.54	$	2.09
Diluted EPS from discontinued operations		N/A		1.56	$	0.81
Diluted EPS	$	3.77	$	4.10	$	2.90
Unexercised employee stock options and stock appreciation rights (in millions) excluded from the diluted EPS computation[a]		2.3		5.0		4.5

(a)
These unexercised employee stock options and stock appreciation rights were not included in the computation of diluted EPS because to do so would have been antidilutive for the periods presented.

Discontinued Operations (Tables)	12 Months Ended Dec. 31, 2017
Discontinued Operations [Member]	
Income Statement, Balance Sheet and Additional Disclosures by Disposal Groups, Including Discontinued Operations [Line Items]	
Condensed Income Statement [Table Text Block]	The following table presents the financial results of the Company's discontinued operations:

	2016[(a)]	2015
Company sales	$ 5,667	$ 6,789
Franchise and license fees and income	109	120
Company restaurant expenses	(4,766)	(5,913)
G&A expenses[(b)]	(406)	(405)
Franchise and license expenses	(45)	(48)
Closures and impairment expenses	(57)	(64)
Refranchising gain	12	13
Other income[(c)]	49	27
Interest income, net	8	7
Income from discontinued operations before income taxes	571	526
Income tax benefit (provision)[(d)]	65	(164)
Income from discontinued operations - including noncontrolling interests	636	362
(Income) loss from discontinued operations - noncontrolling interests	(11)	(5)
Income from discontinued operations, net of tax	$ 625	$ 357

(a) Includes Yum China financial results from January 1, 2016 to October 31, 2016.

(b) Includes costs incurred to execute the Separation of $68 million and $9 million for 2016 and 2015, respectively. Such costs primarily relate to transaction advisors, legal and other consulting fees.

(c) Primarily relates to equity income from KFC franchisees in which Yum China owns a minority interest.

(d)
During 2016, we recorded a tax benefit of $233 million related to previously recorded losses associated with our Little Sheep business. The tax benefit associated with these losses was able to be recognized as a result of legal entity restructuring completed in anticipation of the Separation.

Items Affecting Comparability of Net Income and Cash Flows (Tables)	12 Months Ended
	Dec. 31, 2017

Facility Actions [Line Items]

Impact of Change in Reporting Calendar [Table Text Block]

The impacts on our Consolidated Financial Statements of retrospectively applying these changes are included below:

	2016		
	As Previously Reported	Adjustments	After Change in Reporting Calendar
Total revenues	$ 6,366	$ (10)	$ 6,356
Operating Profit	1,625	25 (a)	1,650 (b)
Income from continuing operations	994	24	1,018
Income from discontinued operations, net of tax	625	—	625
Net Income	$ 1,619	$ 24	1,643
Diluted EPS from continuing operations	$ 2.48	$ 0.06	$ 2.54
Diluted EPS from discontinued operations	1.56	—	1.56
Diluted EPS	$ 4.04	$ 0.06	$ 4.10

	2015		
	As Previously Reported	Adjustments	After Change in Reporting Calendar
Total revenues	$ 6,440	$ (22)	$ 6,418
Operating Profit	1,402	(8)	1,394 (b)
Income from continuing operations	936	(10)	926
Income from discontinued operations, net of tax	357	—	357
Net Income	$ 1,293	$ (10)	$ 1,283
Diluted EPS from continuing operations	$ 2.11	$ (0.02)	$ 2.09
Diluted EPS from discontinued operations	0.81	—	0.81
Diluted EPS	$ 2.92	$ (0.02)	$ 2.90

(a) Primarily represents gains of $24 million related to the refranchising of certain international restaurants which occurred in December 2016.

(b)
Amount does not reconcile to our Consolidated Statements of Income for the year ended December 31, 2016 and December 31, 2015 due to the impact of retrospectively adopting a new

accounting standard on Benefit Costs of $32 million and $40 million, respectively. See Note 2.

Refranchising (gain) loss [Member]

Facility Actions [Line Items]

Facility Actions

Refranchising (Gain) Loss

The Refranchising (gain) loss by reportable segment is presented below. Given the size and volatility of refranchising initiatives, our chief operating decision maker ("CODM") does not consider the impact of Refranchising (gain) loss when assessing segment performance. As such, we do not allocate such gains and losses to our segments for performance reporting purposes.

During the years ended December 31, 2017, 2016 and 2015, we refranchised 1,470, 432 and 270 restaurants, respectively. We received $1,773 million, $370 million and $213 million in pre-tax proceeds in 2017, 2016 and 2015, respectively, related to these transactions.

A summary of Refranchising (gain) loss is as follows:

	Refranchising (gain) loss		
	2017	2016	2015
KFC Division[a]	$ (581)	$ (44)	$ 32
Pizza Hut Division[a]	(16)	(48)	56
Taco Bell Division	(486)	(71)	(65)
Worldwide	$(1,083)	$ (163)	$ 23

(a) In 2010, we refranchised our then-remaining Company-operated restaurants in Mexico. To the extent we owned it, we did not sell the real estate related to certain of these restaurants, instead leasing it to the franchisee. During 2015, we sold the real estate for approximately $58 million. While these proceeds exceeded the book value of the real estate, the sale represented a substantial liquidation of our Mexican foreign entities under GAAP. As such, the accumulated translation losses associated with our Mexican business were included in our loss on the sale. We recorded charges of $80 million representing the excess of the sum of the book value of the real estate and other related assets and our accumulated translation losses over the sales price. Consistent with the classification of the original Mexico market-wide refranchising transaction, these charges were classified as Refranchising (gain) loss. Refranchising losses of $40 million were associated with both the KFC and Pizza Hut Divisions. We continue to earn U.S. dollar-denominated franchise fees, most of which are sales-based royalties, under our existing franchise contracts with our Mexico franchisee.

As a result of classifying restaurant and related assets as held-for-sale and ceasing depreciation expense as well as recording any related write-downs to fair value, depreciation expense was reduced versus what would have otherwise been recorded by $10 million during the year ended December 31, 2017. Our CODM does not consider the impact of these depreciation reductions, which were recorded within Occupancy and other operating expenses when assessing segment performance. These depreciation reductions were not allocated to the Division segments resulting in depreciation expense continuing to be recorded within our Divisional results at the rate at which it was prior to the held-for-sale classification.

Closures and impairment (income) expenses

Facility Actions [Line Items]

Facility Actions

Store Closure and Impairment Activity

Store closure (income) costs and Store impairment charges by reportable segment are presented below.

	2017			
	KFC	Pizza Hut	Taco Bell	Worldwide
Store closure (income) costs[a]	$ —	$ —	$ (1)	$ (1)
Store impairment charges	2	1	1	4
Closure and impairment (income) expenses	$ 2	$ 1	$ —	$ 3

	2016			
	KFC	Pizza Hut	Taco Bell	Worldwide
Store closure (income) costs[a]	$ 3	$ (5)	$ —	$ (2)
Store impairment charges	8	6	3	17
Closure and impairment (income) expenses	$ 11	$ 1	$ 3	$ 15

	2015			
	KFC	Pizza Hut	Taco Bell	Worldwide
Store closure (income) costs[a]	$ 1	$ (1)	$ (1)	$ (1)
Store impairment charges	8	5	4	17
Closure and impairment (income) expenses	$ 9	$ 4	$ 3	$ 16

(a) Store closure (income) costs include the net gain or loss on sales of real estate on which we formerly operated a Company-owned restaurant that was closed, lease reserves established when we cease using a property under an operating lease and subsequent adjustments to those reserves and other facility-related expenses from previously closed stores. Remaining lease obligations for closed stores were not material at December 31, 2017 or December 31, 2016.

Supplemental Cash Flow Data (Tables)	12 Months Ended Dec. 31, 2017
Supplemental Cash Flow Elements [Abstract]	
Cash paid for interest and income taxes, and significant non-cash investing and financing activities	

	2017	2016	2015
Cash Paid For:			
Interest	$ 442	$ 297	$ 141
Income taxes	346	314	392
Significant Non-Cash Investing and Financing Activities:			
Capital lease obligations incurred	$ 8	$ 10	$ 26
Capital lease and other debt obligations transferred through refranchising	(35)	(1)	—
Reconciliation of Cash and cash equivalents to Consolidated Statements of Cash Flows:			
Cash and cash equivalents as presented in Consolidated Balance Sheets	$ 1,522	$ 725	$ 345
Restricted cash included in Prepaid expenses and other current assets[(a)]	60	55	—
Restricted cash included in Other assets[(b)]	17	51	20
Cash, Cash Equivalents and Restricted Cash as presented in Consolidated Statements of Cash Flows	$ 1,599	$ 831	$ 365

(a) Restricted cash within Prepaid expenses and other current assets reflects the Taco Bell Securitization interest reserves. See Note 11.

(b)
Primarily trust accounts related to our self-insurance program. 2016 also includes cash balances required, to the extent necessary, to meet statutory minimum net worth requirements for legal entities which enter into U.S. franchise agreements.

Franchise and License Fees and Income (Tables)	12 Months Ended Dec. 31, 2017
Franchise And License Fees And Income Disclosure [Abstract]	
Franchise and License Fees and Income	

	2017	2016	2015
Initial fees, including renewal fees	$ 96	$ 72	$ 71
Continuing fees and rental income	2,210	2,095	2,011
Franchise and license fees and income	$2,306	$2,167	$2,082

Other (Income) Expense (Tables)

12 Months Ended Dec. 31, 2017

Other Income and Expenses [Abstract]

Other (Income) Expense Table

	2017	2016	2015
Foreign exchange net (gain) loss and other	$ 5	$ (6)	$ 20
Loss associated with corporate aircraft[(a)]	2	9	—
Other (income) expense	$ 7	$ 3	$ 20

(a) During 2016, we made the decision to no longer operate a corporate aircraft fleet and offered our owned aircraft for sale, one of which was sold during 2016 and one that was sold in 2017. The losses associated with these sales reflect the shortfall of the proceeds, including estimated proceeds in held-for-sale impairment evaluations, less any selling costs, over the carrying value of the aircraft.

Supplemental Balance Sheet Information (Tables)

12 Months Ended Dec. 31, 2017

Supplemental Balance Sheet Information Disclosure [Abstract]

Prepaid Expenses and Other Current Assets

Prepaid Expenses and Other Current Assets	2017	2016
Income tax receivable	$ 175	$ 44
Assets held for sale[(a)]	37	57
Other prepaid expenses and current assets	159	135
Prepaid expenses and other current assets	$ 371	$ 236

(a) Reflects the carrying value of restaurants we have offered for sale to franchisees and excess properties that we do not intend to use for restaurant operations in the future. 2016 amounts also include a corporate aircraft sold in 2017.

Property, Plant and Equipment

Property, Plant and Equipment	2017	2016
Land	$ 452	$ 438
Buildings and improvements	1,661	2,149
Capital leases, primarily buildings	123	141
Machinery and equipment	941	1,380
Property, plant and equipment, gross	3,177	4,108
Accumulated depreciation and amortization	(1,480)	(1,995)
Property, plant and equipment, net	$ 1,697	$ 2,113

Accounts Payable and Other Current Liabilities

Accounts Payable and Other Current Liabilities	2017	2016
Accounts payable	$ 119	$ 142
Accrued capital expenditures	21	39
Accrued compensation and benefits	252	372
Dividends payable	—	106
Accrued taxes, other than income taxes	90	66
Other current liabilities	331	342
Accounts payable and other current liabilities	$ 813	$ 1,067

Goodwill and Intangible Assets (Tables)	12 Months Ended Dec. 31, 2017
Goodwill and Intangible Assets Disclosure [Abstract]	
Changes in the carrying amount of goodwill	The changes in the carrying amount of goodwill are as follows:

	KFC	Pizza Hut	Taco Bell	Worldwide
Balance as of December 31, 2015				
Goodwill, gross	$ 266	$ 206	$ 113	$ 585
Accumulated impairment losses	—	(17)	—	(17)
Goodwill, net	266	189	113	568
Disposals and other, net[(a)]	2	(32)	(2)	(32)
Balance as of December 31, 2016				
Goodwill, gross	268	174	111	553
Accumulated impairment losses	—	(17)	—	(17)
Goodwill, net	268	157	111	536
Disposals and other, net[(a)]	(21)	5	(8)	(24)
Balance as of December 31, 2017				
Goodwill, gross	247	179	103	529
Accumulated impairment losses	—	(17)	—	(17)
Goodwill, net	$ 247	$ 162	$ 103	$ 512

(a) Disposals and other, net includes the impact of foreign currency translation on existing balances and goodwill write-offs associated with refranchising.

Schedule Of Finite And Indefinite Lived Intangible Assets By Major Class

Intangible assets, net for the years ended 2017 and 2016 are as follows:

	2017		2016	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangible assets				
Reacquired franchise rights	$ 60	$ (42)	$ 83	$ (49)
Franchise contract rights	100	(77)	99	(73)
Lease tenancy rights	32	(6)	56	(9)
Other	37	(25)	36	(23)
	$ 229	$ (150)	$ 274	$ (154)
Indefinite-lived intangible assets				
KFC trademark	$ 31		$ 31	

Short-term Borrowings and Long-term Debt (Tables)	12 Months Ended Dec. 31, 2017

Debt Disclosure [Abstract]

Schedule of Debt [Table Text Block]

	2017	2016
Short-term Borrowings		
Current maturities of long-term debt	$ 386	$ 66
Other	—	8
	$ 386	$ 74
Less current portion of debt issuance costs and discounts	(11)	(8)
Short-term borrowings	$ 375	$ 66
Long-term Debt		
Securitization Notes	$ 2,271	$ 2,294
Subsidiary Senior Unsecured Notes	2,850	2,100
Term Loan A Facility	500	500
Term Loan B Facility	1,975	1,990
YUM Senior Unsecured Notes	2,200	2,200
Capital lease obligations (See Note 12)	105	120
	9,901	9,204
Less debt issuance costs and discounts	(86)	(79)
Less current maturities of long-term debt	(386)	(66)
Long-term debt	$ 9,429	$ 9,059

The following table presents the carrying value and estimated fair value of the Company's debt obligations:

	12/31/2017		12/31/2016	
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
Debt obligations				
Securitization Notes[(a)]	$ 2,271	$ 2,367	$ 2,294	$ 2,315
Subsidiary Senior Unsecured Notes[(b)]	2,850	2,983	2,100	2,175
Term Loan A Facility[(b)]	500	503	500	501
Term Loan B Facility[(b)]	1,975	1,990	1,990	2,016
YUM Senior Unsecured Notes[(b)]	2,200	2,277	2,200	2,216

(a) We estimated the fair value of the Securitization Notes by obtaining broker quotes from two separate brokerage firms that are knowledgeable about the Company's Securitization Notes and, at times, trade these notes. The markets in which the Securitization Notes trade are not considered active markets.

(b)

We estimated the fair value of the YUM and Subsidiary Senior Unsecured Notes, Term Loan A Facility, and Term Loan B Facility using market quotes and calculations based on market rates.

Debt Instrument [Line Items]

Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments

The annual maturities of short-term borrowings and long-term debt as of December 31, 2017, excluding capital lease obligations of $105 million are as follows:

Year ended:		
2018	$	380
2019		318
2020		1,190
2021		441
2022		410
Thereafter		7,057
Total	$	9,796

Senior Unsecured Notes [Member]

Debt Instrument [Line Items]

Senior Unsecured Notes issued that remain outstanding

The following table summarizes all YUM Senior Unsecured Notes issued that remain outstanding at December 31, 2017:

				Interest Rate	
Issuance Date[(a)]	Maturity Date	Principal Amount (in millions)		Stated	Effective[(b)]
October 2007	March 2018	$	325	6.25%	6.36%
October 2007	November 2037		325	6.88%	7.45%
August 2009	September 2019		250	5.30%	5.59%
August 2010	November 2020		350	3.88%	4.01%
August 2011	November 2021		350	3.75%	3.88%
October 2013	November 2023		325	3.88%	4.01%
October 2013	November 2043		275	5.35%	5.42%

(a) Interest payments commenced approximately six months after issuance date and are payable semi-annually thereafter.

(b)

Includes the effects of the amortization of any (1) premium or discount; (2) debt issuance costs; and (3) gain or loss upon settlement of related treasury locks and forward starting interest rate swaps utilized to hedge the interest rate risk prior to debt issuance.

Leases (Tables)	12 Months Ended Dec. 31, 2017
Leases [Abstract]	
Future minimum commitments and amounts to be received as lessor or sublessor under non-cancelable leases	Future minimum commitments and amounts to be received as lessor or sublessor under non cancelable leases are set forth below:

	Commitments		Lease Receivables	
	Capital	Operating	Direct Financing	Operating
2018	$ 13	$ 124	$ 5	$ 64
2019	13	111	4	58
2020	12	87	4	51
2021	11	75	3	47
2022	11	67	3	44
Thereafter	76	435	24	415
	$ 136	$ 899	$ 43	$ 679

Details of rental expense and income	The details of rental expense and income are set forth below:

	2017	2016	2015
Rental expense			
Minimum	$ 193	$ 208	$ 225
Contingent	21	26	29
	$ 214	$ 234	$ 254
Rental income	$ 86	$ 73	$ 73

Derivative Instruments (Tables)	12 Months Ended Dec. 31, 2017
Derivative Instruments and Hedging Activities Disclosure [Abstract]	
Derivative Instruments, Gain (Loss) [Table Text Block]	Gains and losses on derivative instruments designated as cash flow hedges recognized in AOCI and reclassifications from AOCI into Net Income:

	Gains/(Losses) Recognized in AOCI		(Gains)/Losses Reclassified from AOCI into Net Income	
	2017	2016	2017	2016
Interest rate swaps	$ 4	$ 47	$ 2	$ (4)
Foreign currency contracts	(56)	10	56	(18)
Income tax benefit/(expense)	1	(20)	(3)	4

Fair Value Disclosures (Tables)	12 Months Ended Dec. 31, 2017
Fair Value Disclosures [Abstract]	
Fair Value Measurements, Recurring Basis	The following table presents fair values for those assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall. No transfers among the levels within the fair value hierarchy occurred during the years ended December 31, 2017 or December 31, 2016.

		Fair Value		
	Level	2017	2016	Consolidated Balance Sheet
Interest Rate Swaps - Liability	2	$ —	$ 3	Accounts payable and other current liabilities
Interest Rate Swaps - Asset	2	9	—	Prepaid expenses and other current assets
Interest Rate Swaps - Asset	2	40	47	Other assets
Foreign Currency Contracts - Liability	2	46	—	Other Liabilities and deferred credits
Foreign Currency Contracts - Asset	2	5	6	Prepaid expenses and other current assets
Foreign Currency Contracts - Asset	2	—	10	Other assets
Other Investments	1	29	24	Other assets

Fair Value Measurements and Total Losses, Non-Recurring Basis

The following table presents expense recognized from all non-recurring fair value measurements during the years ended December 31, 2017 and December 31, 2016. These amounts exclude fair value measurements made for assets that were subsequently dispo
sed of prior to those respective year end dates. The remaining net book value of restaurant assets measured at fair value during the years ended December 31, 2017 and December 31, 2016 is insignificant.

	2017	2016
Aircraft impairment(a)	$ —	$ 3
Restaurant-level impairment(b)	2	9
Total	$ 2	$ 12

(a) During 2016, we made the decision to dispose of a corporate aircraft. The loss associated with this then planned sale reflected the shortfall of the expected proceeds, less any selling costs, over the carrying value of the aircraft. The expected proceeds were based on actual bids received from potential buyers for similar assets (Level 2).

(b)
Restaurant-level impairment charges are recorded in Closures and impairment (income) expenses and resulted primarily from our semi-annual impairment evaluation of long-lived assets of individual restaurants that were being operated at the time of impairment and had not been offered for refranchising. The fair

value measurements used in these impairment evaluations were based on discounted cash flow estimates using unobservable inputs (Level 3).

Pension, Retiree Medical and Retiree Savings Plans (Tables)	12 Months Ended
	Dec. 31, 2017

Retirement Benefits [Abstract]

Funded status of pension plans

The following chart summarizes the balance sheet impact, as well as benefit obligations, assets, and funded status associated with our two significant U.S. pension plans. The actuarial valuations for all plans reflect measurement dates coinciding with our fiscal year end.

	2017	2016
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 993	$ 1,134
Service cost	10	17
Interest cost	41	54
Plan amendments	2	4
Curtailments	(2)	(4)
Special termination benefits	2	3
Benefits paid	(76)	(26)
Settlement payments[a]	(73)	(260)
Actuarial (gain) loss	115	77
Administrative expense	(5)	(6)
Benefit obligation at end of year	$ 1,007	$ 993
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 837	$ 1,004
Actual return on plan assets	129	87
Employer contributions	52	38
Settlement payments[a]	(73)	(260)
Benefits paid	(76)	(26)
Administrative expenses	(5)	(6)
Fair value of plan assets at end of year	$ 864	$ 837
Funded status at end of year	$ (143)	$ (156)

(a) For discussion of the settlement payments made in connection with the deferred vested program in 2016, see Note 5.

Amounts recognized in the Consolidated Balance Sheet

Amounts recognized in the Consolidated Balance Sheet:

	2017	2016
Accrued benefit liability - current	$ (8)	$ (16)
Accrued benefit liability - non-current	(135)	(140)
	$ (143)	$ (156)

Pension plans with an accumulated benefit obligation in excess of pan assets

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	2017	2016
Projected benefit obligation	$ 1,007	$ 993
Accumulated benefit obligation	976	960
Fair value of plan assets	864	837

Pension plans with a projected benefit obligation in excess of plan assets

Information for pension plans with a projected benefit obligation in excess of plan assets:

	2017	2016
Projected benefit obligation	$ 1,007	$ 993
Accumulated benefit obligation	976	960
Fair value of plan assets	864	837

Components of net periodic benefit cost

Components of net periodic benefit cost:

	2017	2016	2015
Service cost	$ 10	$ 17	$ 18
Interest cost	41	54	55
Amortization of prior service cost[(a)]	6	6	1
Expected return on plan assets	(45)	(65)	(62)
Amortization of net loss	5	6	45
Net periodic benefit cost	$ 17	$ 18	$ 57
Additional (gain) loss recognized due to:			
Settlement charges[(b)]	$ 19	$ 32	$ 5
Special termination benefits	$ 2	$ 3	$ 1
Pension data adjustment[(c)]	$ 22	$ —	$ —

(a) Prior service costs are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

(b) Settlement losses result when benefit payments exceed the sum of the service cost and interest cost within a plan during the year. These losses were recorded in Other pension (income) expense.

(c) Reflects a non-cash, out-of-year charge related to the adjustment of certain historical deferred vested liability balances in the Plan during the first quarter of 2017 recorded in Other pension (income) expense. See Note 5.

Pension losses in accumulated other comprehensive income (loss)

Pension gains (losses) in AOCI:

	2017	2016
Beginning of year	$ (180)	$ (170)
Net actuarial gain (loss)	(10)	(54)
Curtailments	2	4
Amortization of net loss	5	6
Amortization of prior service cost	6	6
Prior service cost	(2)	(4)
Settlement charges	19	32
End of year	$ (160)	$ (180)

Schedule of Accumulated pre-tax losses recognized in Accumulated Other Comprehensive Income

Accumulated pre-tax losses recognized within AOCI:

	2017	2016
Actuarial net loss	$ (134)	$ (150)
Prior service cost	(26)	(30)
	$ (160)	$ (180)

Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost

Weighted-average assumptions used to determine benefit obligations at the measurement dates:

	2017	2016
Discount rate	3.90%	4.60%
Rate of compensation increase	3.75%	3.75%

Weighted-average assumptions used to determine the net periodic benefit cost for fiscal years:

	2017[(a)]	2016	2015
Discount rate	4.53%	4.90%	4.30%
Long-term rate of return on plan assets	6.06%	6.75%	6.75%
Rate of compensation increase	3.75%	3.75%	3.75%

(a) Reflects a weighted average due to interim remeasurements in 2017.

Fair values of pension plan assets

The fair values of our pension plan assets at December 31, 2017 and December 31, 2016 by asset category and level within the fair value hierarchy are as follows:

	2017	2016
Level 1:		
Cash	$ 3	$ 2
Cash Equivalents[(a)]	12	12
Fixed Income Securities - U.S. Corporate[(b)]	177	172
Equity Securities – U.S. Large cap[(b)]	257	244
Equity Securities – U.S. Mid cap[(b)]	43	41
Equity Securities – U.S. Small cap[(b)]	43	43
Equity Securities – Non-U.S.[(b)]	87	83
Level 2:		
Fixed Income Securities – U.S. Corporate[(c)]	86	76
Fixed Income Securities – U.S. Government and Government Agencies[(d)]	177	152
Fixed Income Securities – Other[(d)]	35	31
Total fair value of plan assets[(e)]	$ 920	$ 856

(a) Short-term investments in money market funds.

(b) Securities held in common trusts.

(c) Investments held directly by the Plan.

(d) Includes securities held in common trusts and investments held directly by the Plan.

(e) 2017 and 2016 exclude net unsettled trade payables of $56 million and $19 million, respectively.

Expected benefit payments

The benefits expected to be paid in each of the next five years and in the aggregate for the five years thereafter are set forth below:

Year ended:		
2018	$	65
2019		37
2020		39
2021		42
2022		44
2023 - 2027		257

Share-based and Deferred Compensation Plans (Tables)	12 Months Ended Dec. 31, 2017
Compensation Related Costs [Abstract]	
Weighted-average assumptions used in the Black-Scholes option-pricing model	We estimated the fair value of each stock option and SAR award as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2017	2016	2015
Risk-free interest rate	1.9%	1.4%	1.3%
Expected term (years)	6.4 years	6.4 years	6.4 years
Expected volatility	22.9%	27.0%	26.9%
Expected dividend yield	1.8%	2.6%	2.2%

Summary of award activity

Stock Options and SARs

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)	
Outstanding at the beginning of the year	21,242	$ 40.78			
Granted	2,879	67.93			
Exercised	(4,269)	36.45			[1]
Forfeited or expired	(1,567)	54.98			
Outstanding at the end of the year	18,285 (a)	44.85	5.42	$ 672	
Exercisable at the end of the year	11,971	$ 38.07	4.00	$ 521	

(a) Outstanding awards include 943 options and 17,342 SARs with weighted average exercise prices of $36.63 and $45.30, respectively. Outstanding awards represent YUM awards held by employees of both YUM and Yum China.

Impact on net income

The components of share-based compensation expense and the related income tax benefits are shown in the following table:

	2017	2016	2015
Options and SARs	$ 30	$ 38	$ 41
Restricted Stock Units	26	38	3
Performance Share Units	9	4	2
Total Share-based Compensation Expense	$ 65 (a)	$ 80 (b)	$ 46

Deferred Tax Benefit recognized	$ 22 (c)	$ 26	$ 15
EID compensation expense not share-based	$ 12	$ 5	$ 1

(a) Includes $18 million due to appreciation in the market price of Yum China's stock. See Note 5.

(b) Includes $30 million due to modifications of awards in connection with the Separation that was not allocated to any of our operating segments for performance purposes. See Note 5.

(c) Deferred tax benefit recognized does not reflect the impact of the Tax Act. See Note 18.

[1] Outstanding awards include 943 options and 17,342 SARs with weighted average exercise prices of $36.63 and $45.30, respectively. Outstanding awards represent YUM awards held by employees of both YUM and Yum China.

Shareholders' Equity (Tables)	12 Months Ended Dec. 31, 2017
Stockholders' Equity Note [Abstract]	
Repurchase Of Shares Of Common Stock	

Authorization Date	Shares Repurchased (thousands) 2017	2016	2015	Dollar Value of Shares Repurchased 2017	2016	2015
November 2017	—	—	—	$ —	$ —	$ —
November 2016	26,561	1,337	—	1,915	85	—
May 2016	—	50,435	—	—	4,200	—
March 2016	—	2,823	—	—	229	—
December 2015	—	13,368	932	—	933	67
November 2014	—	—	13,231	—	—	1,000
November 2013	—	—	1,779	—	—	133
Total	26,561 (a)	67,963 (a)	15,942	$1,915 (a)	$5,447 (a)	$1,200

(a)
2017 amount excludes and 2016 amount includes the effect of $45 million in share repurchases (0.7 million shares) with trade dates prior to December 31, 2016 but settlement dates subsequent to December 31, 2016.

Schedule of changes in accumulated other comprehensive income

Changes in AOCI are presented below.

	Translation Adjustments and Gains (Losses) From Intra-Entity Transactions of a Long-Term Nature[a]	Pension and Post-Retirement Benefits[b]	Derivative Instruments[c]	Total
Balance at December 31, 2015, net of tax	$ (125)	$ (113)	$ (14)	$ (252)
Gains (losses) arising during the year classified into AOCI, net of tax	(153)	(41)	37	(157)
(Gains) losses reclassified from AOCI, net of tax	(11)	27	(18)	(2)
OCI, net of tax	(164)	(14)	19	(159)
Separation of China business	(47)	—	—	(47)
Balance at December 31, 2016, net of tax	$ (336)	$ (127)	$ 5	$ (458)

Gains (losses) arising during the year classified into AOCI, net of tax	107	(13)	(51)	43
(Gains) losses reclassified from AOCI, net of tax	55	34	55	144
OCI, net of tax	162	21	4	187
Balance at December 31, 2017, net of tax	$ (174)	$ (106)	$ 9	(271)

(a) Amounts reclassified from AOCI are due to substantially complete liquidations of foreign entities related to KFC Turkey, Pizza Hut Turkey, Pizza Hut Thailand and Pizza Hut Korea refranchising transactions during 2017 and the Pizza Hut Australia refranchising transaction during 2016.

(b) Amounts reclassified from AOCI for pension and post-retirement benefit plan losses during 2017 include amortization of net losses of $5 million, historical pension data adjustment of $22 million, settlement charges of $20 million, amortization of prior service cost of $5 million and related income tax benefit of $18 million. Amounts reclassified from AOCI for pension and post-retirement benefit plan losses during 2016 include amortization of net losses of $6 million, settlement charges of $33 million, amortization of prior service cost of $5 million and related income tax benefit of $17 million. See Note 15.

(c)
See Note 13 for details on amounts reclassified from AOCI.

Income Taxes (Tables)

12 Months Ended Dec. 31, 2017

Income Tax Disclosure [Abstract]

Income before income taxes

U.S. and foreign income before taxes are set forth below:

	2017	2016	2015
U.S.	$ 662	$ 366	$ 480
Foreign	1,612	979	773
	$ 2,274	$ 1,345	$ 1,253

Details of income tax provision (benefit)

The details of our income tax provision (benefit) are set forth below:

		2017	2016	2015
Current:	Federal	$ (2)	$ 126	$ 267
	Foreign	290	160	133
	State	12	13	28
		$ 300	$ 299	428
Deferred:	Federal	$ 603	$ 19	(116)
	Foreign	19	3	15
	State	12	6	—
		$ 634	$ 28	$ (101)
		$ 934	$ 327	$ 327

Effective income tax and tax rate reconciliation

The reconciliation of income taxes calculated at the U.S. federal statutory rate to our effective tax rate is set forth below:

	2017		2016		2015	
U.S. federal statutory rate	$ 797	35.0 %	$ 473	35.0 %	$ 438	35.0 %
State income tax, net of federal tax benefit	11	0.5	15	1.1	12	0.9
Statutory rate differential attributable to foreign operations	(212)	(9.3)	(143)	(10.5)	(175)	(13.7)
Adjustments to reserves and prior years	12	0.5	(11)	(0.8)	13	1.0
Share-based payments	(117)	(5.1)	—	—	—	—
Change in valuation allowances	34	1.5	(3)	(0.2)	41	3.0
Other, net	(25)	(1.1)	(4)	(0.3)	(2)	(0.1)
Tax Act Enactment	434	19.1	—	—	—	—
Effective income tax rate	$ 934	41.1 %	$ 327	24.3 %	$ 327	26.1 %

Details of deferred tax assets (liabilities)

The details of 2017 and 2016 deferred tax assets (liabilities) are set forth below:

	2017	2016
Operating losses	$ 216	$ 172
Capital losses	4	184

Tax credit carryforwards	311	284
Employee benefits	94	185
Share-based compensation	58	100
Self-insured casualty claims	7	32
Lease-related liabilities	51	65
Various liabilities	51	56
Property, plant and equipment	24	37
Deferred income and other	31	32
Gross deferred tax assets	847	1,147
Deferred tax asset valuation allowances	(421)	(195)
Net deferred tax assets	$ 426	$ 952
Intangible assets, including goodwill	$ (69)	$ (107)
Property, plant and equipment	(18)	(46)
Deemed repatriation tax	(170)	—
Other	(36)	(34)
Gross deferred tax liabilities	$ (293)	$ (187)
Net deferred tax assets (liabilities)	$ 133	$ 765
Reported in Consolidated Balance Sheets as:		
Deferred income taxes	$ 139	$ 772
Other liabilities and deferred credits	(6)	(7)
	$ 133	$ 765

Loss carryforwards, by year of expiration

These losses are being carried forward in jurisdictions where we are permitted to use tax losses from prior periods to reduce future taxable income and will expire as follows:

	Year of Expiration				
	2018	2019-2022	2023-2036	Indefinitely	Total
Foreign	$ 9	$ 46	$ 85	$ 376	$ 516
U.S. state	—	61	1,012	—	1,073
U.S. federal	—	67	238	—	305
	$ 9	$ 174	$ 1,335	$ 376	$ 1,894

Unrecognized tax benefits reconciliation

A reconciliation of the beginning and ending amount of unrecognized tax benefits follows:

	2017	2016
Beginning of Year	$ 91	$ 98
Additions on tax positions - current year	3	—
Additions for tax positions - prior years	8	1
Reductions for tax positions - prior years	—	(5)
Reductions for settlements	(1)	(1)
Reductions due to statute expiration	(1)	(2)
Foreign currency translation adjustment	—	—
End of Year	$ 100	$ 91

Summary of income tax examinations

The accrued interest and penalties related to income taxes at December 31, 2017 and December 31, 2016 are set forth below:

	2017	2016
Accrued interest and penalties	$ 14	$ 9

Reportable Operating Segments (Tables)	12 Months Ended Dec. 31, 2017

Segment Reporting [Abstract]

Schedule of Segment Reporting Information, by Segment

	Revenues		
	2017	2016	2015
KFC Division[(a)]	$ 3,110	$ 3,225	$ 3,222
Pizza Hut Division[(a)]	893	1,108	1,205
Taco Bell Division[(a)]	1,880	2,025	1,991
Unallocated[(b)(f)]	(5)	(2)	—
	$ 5,878	$ 6,356	$ 6,418

	Operating Profit; Interest Expense, Net; and Income Before Income Taxes		
	2017	2016	2015
KFC Division	$ 981	$ 871	$ 835
Pizza Hut Division	341	367	351
Taco Bell Division	619	595	546
Unallocated Franchise and license fees and income[(b)(f)]	(5)	(2)	—
Unallocated restaurant costs[(b)(i)]	10	—	—
Unallocated Franchise and license expenses[(b)(f)]	(30)	(24)	(71)
Corporate and unallocated G&A expenses[(b)(g)]	(230)	(280)	(180)
Unallocated Refranchising gain (loss)[(b)]	1,083	163	(23)
Unallocated Other income (expense)[(b)(h)]	(8)	(8)	(24)
Operating Profit	2,761	1,682	1,434
Other pension income (expense)[(b)(j)]	(47)	(32)	(40)
Interest expense, net[(b)]	(440)	(305)	(141)
Income from continuing operations before income taxes	$ 2,274	$ 1,345	$ 1,253

	Depreciation and Amortization		
	2017	2016	2015
KFC Division	$ 138	$ 172	180
Pizza Hut Division	26	36	40
Taco Bell Division	82	90	89
Corporate	7	12	10
	$ 253	$ 310	$ 319

	Capital Spending		
	2017	2016	2015
KFC Division	$ 176	$ 216	$ 260
Pizza Hut Division	42	69	54
Taco Bell Division	95	132	116

Corporate	5	10	12
	$ 318	$ 427	$ 442

	Identifiable Assets	
	2017	2016
KFC Division[e]	$ 1,791	$ 2,158
Pizza Hut Division[e]	628	639
Taco Bell Division[e]	1,086	1,178
Corporate[c][e]	1,806	1,478
	$ 5,311	$ 5,453

	Long-Lived Assets[d]	
	2017	2016
KFC Division	$ 1,200	$ 1,537
Pizza Hut Division	310	372
Taco Bell Division	778	859
Corporate	31	32
	$ 2,319	$ 2,800

(a) U.S. revenues included in the combined KFC, Pizza Hut and Taco Bell Divisions totaled $2.8 billion in 2017, $3.1 billion in 2016 and $3.1 billion in 2015.

(b) Amounts have not been allocated to any segment for performance reporting purposes.

(c) Primarily includes cash and deferred tax assets.

(d) Includes PP&E, goodwill, and intangible assets, net.

(e) U.S. identifiable assets included in the combined Corporate and KFC, Pizza Hut and Taco Bell Divisions totaled $3.0 billion and $3.1 billion in 2017 and 2016, respectively.

(f) Represents costs associated with the KFC U.S. Acceleration Agreement and Pizza Hut U.S. Transformation Agreement. See Note 5.

(g) Amounts in 2017 include costs related to YUM’s Strategic Transformation Initiatives of $21 million, non-cash charges associated with modifications of share-based compensation awards of $18 million and costs associated with the Pizza Hut U.S. Transformation Agreement of $13 million. Amounts in 2016 included costs related to YUM's Strategic Transformation Initiatives of $61 million and non-cash charges associated with the modifications of share-based compensation awards of $30 million. See Note 5.

(h) Amounts include losses associated with the sale of corporate aircraft related to YUM’s Strategic Transformation Initiatives of $2 million and $9 million in 2017 and 2016, respectively. See Note 8.

(i) Represents depreciation reductions arising primarily from KFC restaurants that were held-for-sale. See Note 5.

(j)

Amounts in 2017 include a non-cash charge of $22 million related to the adjustment of certain historical deferred vested liability balances in our qualified U.S. plan. Amounts in 2016 include a settlement charge of $24 million related to the Company allowing certain former employees with deferred vested balances in the Yum Retirement Plan an opportunity to voluntarily elect early payout of their pension benefits. See Note 5.

Reconciliation of Revenue from Segments to Consolidated

	Revenues		
	2017	2016	2015
KFC Division[a]	$ 3,110	$ 3,225	$ 3,222
Pizza Hut Division[a]	893	1,108	1,205
Taco Bell Division[a]	1,880	2,025	1,991
Unallocated[b][f]	(5)	(2)	—
	$ 5,878	$ 6,356	$ 6,418

Reconciliation of Operating Profit (Loss) from Segments to Consolidated

	Operating Profit; Interest Expense, Net; and Income Before Income Taxes		
	2017	2016	2015
KFC Division	$ 981	$ 871	$ 835
Pizza Hut Division	341	367	351
Taco Bell Division	619	595	546
Unallocated Franchise and license fees and income[b][f]	(5)	(2)	—
Unallocated restaurant costs[b][i]	10	—	—
Unallocated Franchise and license expenses[b][f]	(30)	(24)	(71)
Corporate and unallocated G&A expenses[b][g]	(230)	(280)	(180)
Unallocated Refranchising gain (loss)[b]	1,083	163	(23)
Unallocated Other income (expense)[b][h]	(8)	(8)	(24)
Operating Profit	2,761	1,682	1,434
Other pension income (expense)[b][j]	(47)	(32)	(40)
Interest expense, net[b]	(440)	(305)	(141)
Income from continuing operations before income taxes	$ 2,274	$ 1,345	$ 1,253

Reconciliation of Other Significant Reconciling Items from Segments to Consolidated

	Depreciation and Amortization		
	2017	2016	2015
KFC Division	$ 138	$ 172	180
Pizza Hut Division	26	36	40
Taco Bell Division	82	90	89
Corporate	7	12	10
	$ 253	$ 310	$ 319

	Capital Spending		
	2017	2016	2015
KFC Division	$ 176	$ 216	$ 260
Pizza Hut Division	42	69	54
Taco Bell Division	95	132	116
Corporate	5	10	12

	$ 318	$ 427	$ 442

	Identifiable Assets	
	2017	2016
KFC Division[e]	$ 1,791	$ 2,158
Pizza Hut Division[e]	628	639
Taco Bell Division[e]	1,086	1,178
Corporate[c][e]	1,806	1,478
	$ 5,311	$ 5,453

	Long-Lived Assets[d]	
	2017	2016
KFC Division	$ 1,200	$ 1,537
Pizza Hut Division	310	372
Taco Bell Division	778	859
Corporate	31	32
	$ 2,319	$ 2,800

Contingencies (Tables)	12 Months Ended Dec. 31, 2017
Commitments and Contingencies Disclosure [Abstract]	
Activity related to self-insured property and casualty reserves	The following table summarizes the 2017 and 2016 activity related to our net self-insured property and casualty reserves as of December 31, 2017.

	Beginning Balance	Expense	Payments	Ending Balance
2017 Activity	$ 98	27	(41)	$ 84
2016 Activity	$ 102	42	(46)	$ 98

Selected Quarterly Financial Data (Unaudited) (Tables)

Schedule of Quarterly Financial Information [Abstract]

Schedule of Quarterly Financial Information

12 Months Ended Dec. 31, 2017

	2017				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenues:					
Company sales	$ 902	$ 909	$ 871	$ 890	$ 3,572
Franchise and license fees and income	515	539	565	687	2,306
Total revenues	1,417	1,448	1,436	1,577	5,878
Restaurant profit	144	161	154	159	618
Operating Profit[(a)]	484	419	643	1,215	2,761
Net Income	280	206	418	436	1,340
Basic earnings per common share from continuing operations	0.78	0.59	1.21	1.29	3.86
Diluted earnings per common share from continuing operations	0.77	0.58	1.18	1.26	3.77
Dividends declared per common share	0.30	0.30	—	0.30	0.90

	2016				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenues:					
Company sales	$ 953	$ 1,006	$ 992	$ 1,238	$ 4,189
Franchise and license fees and income	490	503	526	648	2,167
Total revenues	1,443	1,509	1,518	1,886	6,356
Restaurant profit	148	167	161	224	700
Operating Profit[(b)]	349	415	398	520	1,682
Income from continuing operations, net of tax	226	266	218	308	1,018
Income (loss) from discontinued operations, net of tax	138	70	422	(5)	625
Net Income	364	336	640	303	1,643
Basic earnings per common share from continuing operations	0.55	0.65	0.56	0.84	2.58
Basic earnings (loss) per common share from discontinued operations	0.33	0.17	1.09	(0.01)	1.59
Basic earnings per common share	0.88	0.82	1.65	0.83	4.17
Diluted earnings per common share from continuing operations	0.54	0.64	0.55	0.83	2.54
Diluted earnings (loss) per common share from discontinued operations	0.33	0.17	1.07	(0.01)	1.56
Diluted earnings per common share	0.87	0.81	1.62	0.82	4.10

Dividends declared per common share	0.46	0.46	0.51	0.30	1.73

(a) Includes net gains from refranchising initiatives of $111 million, $19 million, $201 million and $752 million in the first, second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $7 million, $4 million, $4 million and $8 million in the first, second, third and fourth quarters, respectively, costs associated with the Pizza Hut U.S. Transformation Agreement of $12 million, $8 million and $11 million in the second, third and fourth quarters, respectively, costs associated with the KFC U.S. Acceleration Agreement of $3 million, $5 million, $4 million and $5 million in the first, second, third and fourth quarters, respectively and non-cash charges associated with the modification of share-based compensation awards in connection with the Separation of $2 million and $16 million in the first and second quarters, respectively.

(b)
Includes net gains from refranchising initiatives of $54 million, $21 million and $88 million in the second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $4 million, $30 million and $33 million in the second, third and fourth quarters, respectively, a non-cash charge primarily associated with the modification of share-based compensation awards in connection with the Separation of $30 million in the fourth quarter and costs associated with KFC U.S. Acceleration Agreement of $9 million, $8 million and $9 million in the first, second and fourth quarters, respectively. See Note 5.

Description of Business (Details) $ in Millions	12 Months Ended			
	Dec. 31, 2017 USD ($) Months operating_segments restaurants countries_and_territories		Dec. 31, 2016 USD ($)	Dec. 31, 2015 USD ($)
Segment Reporting Information [Line Items]				
Approximate Number Of System Units | restaurants	45,000			
Percent Of System Units Located Outside United States	60.00%			
Approximate Number Of Countries And Territories Where System Units Are Located | countries_and_territories	135			
Number of Operating Segments | operating_segments	3			
Revenues			$ 6,356	$ 6,418
Operating Profit	$ 2,761		1,682	1,434
Stock Repurchased During Period, Value	$ 1,915	[1]	5,447 [1]	1,200
Fiscal period months standard first quarter | Months	2			
Fiscal period months standard second and third quarters | Months	3			
Fiscal period months standard fourth quarter | Months	4			
Number of periods or months in advance that certain of our international businesses close their books | Months	1			
KFC Global Division [Member]				
Segment Reporting Information [Line Items]				
Operating Profit	$ 981		871	835
Pizza Hut Global Division [Member]				
Segment Reporting Information [Line Items]				
Operating Profit	341		367	351
Taco Bell Global Division [Member]				
Segment Reporting Information [Line Items]				
Operating Profit	$ 619		$ 595	$ 546

[1] 2017 amount excludes and 2016 amount includes the effect of $45 million in share repurchases (0.7 million shares) with trade dates prior to December 31, 2016 but settlement dates subsequent to December 31, 2016.

Summary of Significant Accounting Policies (Details) - USD ($) $ in Millions	12 Months Ended		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Schedule of Equity Method Investments [Line Items]			
Future lease payments due from franchisees on a nominal basis	$ 725		
Reclassification of Retained Earnings to Common Stock for Share Repurchase	1,915	$ 5,399	$ 1,124
Retained Earnings			
Schedule of Equity Method Investments [Line Items]			
Employee Stock Option and SARs Exercises, Value	$ 20		

Summary of Significant Accounting Policies (Details 2) $ in Millions	3 Months Ended Dec. 31, 2017 weeks	9 Months Ended Sep. 30, 2017 weeks	12 Months Ended Dec. 31, 2017 USD ($) Months Years	 Dec. 31, 2016 USD ($)	 Dec. 31, 2015 USD ($)
Fiscal Period Adjustment [Line Items]					
Goodwill Written Off Related To Sale Of Business Unit Years From Acquisition			2		
Week added as a result of the fiscal year ending on last Saturday in December			53		
Frequency of adding a week as a result of the fiscal year ending on the last Saturday in December			five or six		
Number of weeks in each of the first three quarters of each fiscal year | weeks		12			
Number of weeks in the fourth quarter of each fiscal year with 52 weeks | weeks	16				
Number of weeks in the fourth quarter of each fiscal year with 53 weeks | weeks	17				
Fiscal period months standard first quarter | Months			2		
Fiscal period months standard second and third quarters | Months			3		
Fiscal period months standard fourth quarter | Months			4		
Revenues | $				$ 6,356	$ 6,418
Operating Profit | $			$ 2,761	$ 1,682	$ 1,434
Fair Value Goodwill Written Off Related To Sale Of Business Unit Minimum Years Refranchised			2		
Number of years notes receivable and direct financing leases are beyond and would be included in other assets			1		
Number of years notes receivable and direct financing leases are due within and would be included in accounts and notes receivable			1		
Number Of Consecutive Years Used As Primary Indicator Of Potential Impairment Of Restaurant Assets			2		
53rd Week Impact [Member]					
Fiscal Period Adjustment [Line Items]					
Revenues | $			$ 76		
Operating Profit | $			$ 28		

Summary of Significant Accounting Policies (Details 3) $ in Millions	12 Months Ended Dec. 31, 2017 USD ($) Years	Dec. 31, 2016 USD ($)	Dec. 31, 2015 USD ($)
Impairment or Disposal of Property, Plant and Equipment [Abstract]			
Number of consecutive years of operating losses used as primary indicator of potential impairment for our semi-annual impairment testing of restaurant assets | Years	2		
Leases and Leasehold Improvements [Abstract]			
Approximate number of restaurants operated on leased land and/or buildings	900		
Goodwill and Intangible Assets [Abstract]			
Goodwill Written Off Related To Sale Of Business Unit Years From Acquisition | Years	2		
Fair Value Goodwill Written Off Related To Sale Of Business Unit Minimum Years Refranchised | Years	2		
Minimum [Member] | Buildings and improvements			
Property, Plant and Equipment [Line Items]			
Estimated useful life used in the calculation of the depreciation and amortization on a straight-line basis (in years)	5 years		
Minimum [Member] | Machinery and equipment			
Property, Plant and Equipment [Line Items]			
Estimated useful life used in the calculation of the depreciation and amortization on a straight-line basis (in years)	3 years		
Minimum [Member] | Capitalized software costs			
Property, Plant and Equipment [Line Items]			
Estimated useful life used in the calculation of the depreciation and amortization on a straight-line basis (in years)	3 years		
Maximum [Member] | Buildings and improvements			
Property, Plant and Equipment [Line Items]			
Estimated useful life used in the calculation of the depreciation and amortization on a straight-line basis (in years)	25 years		
Maximum [Member] | Machinery and equipment			
Property, Plant and Equipment [Line Items]			
Estimated useful life used in the calculation of the depreciation and amortization on a straight-line basis (in years)	20 years		
Maximum [Member] | Capitalized software costs			
Property, Plant and Equipment [Line Items]			
Estimated useful life used in the calculation of the depreciation and amortization on a straight-line basis (in years)	7 years		
Continuing Operations [Member]			
Property, Plant and Equipment [Line Items]			
Deferred Tax Assets, Net of Valuation Allowance, Current	$ 139	$ 772	
Foreign Currency [Abstract]			
Foreign currency translation adjustment	174		

Direct Marketing Costs [Abstract]			
Advertising Expense	245	260	$ 253
Research and Development Expenses [Abstract]			
Research and development expenses	$ 22	$ 24	$ 23

Summary of Significant Accounting Policies (Details 4) $ in Millions	3 Months Ended								6 Months Ended		12 Months Ended			
	Dec. 31, 2017 USD ($)	Sep. 30, 2017 USD ($)	Jun. 30, 2017 USD ($)	Mar. 31, 2017 USD ($)	Dec. 31, 2016 USD ($)	Sep. 30, 2016 USD ($)	Jun. 30, 2016 USD ($)	Mar. 31, 2016 USD ($)	Jun. 30, 2016 USD ($)	Jun. 30, 2015 USD ($)	Dec. 31, 2017 USD ($) Months	Dec. 31, 2016 USD ($)	Dec. 31, 2015 USD ($)	Dec. 31, 2014 USD ($)
Revenues												$ 6,356	$ 6,418	
Fiscal period months standard first quarter | Months											2			
Period Within Date Of Corresponding Sales In Which Trade Receivables Are Classified As Accounts And Notes Receivable											30 days			
Accounts and notes receivable [Abstract]														
Other Assets	$ 375				$ 66						$ 375	66		
Repurchase Of Shares Of Common Stock [Abstract]														
Stock Repurchased During Period, Value											$ (1,915) [1]	(5,447) [1]	(1,200)	
Fiscal period months standard second and third quarters | Months											3			
Fiscal period months standard fourth quarter | Months											4			
Number of periods or months in advance that certain of our international businesses close their books | Months											1			
Reduction to Retained earnings														
Repurchase Of Shares Of Common Stock [Abstract]														
Stock Repurchased During Period, Value											$ (1,915)	(5,399)	(1,124)	
Accounting Standards Update 2016-09 [Member]														
Repurchase Of Shares Of Common Stock [Abstract]														
New Accounting Pronouncement or Change in Accounting Principle, Amounts Previously Presented as a Financing Activity now Reclassified to Operating Activities											83	46		
Continuing Operations [Member]														

Revenues		1,577	$ 1,436	$ 1,448	$ 1,417	1,886	$ 1,518	$ 1,509	$ 1,443	5,878	6,356	6,418	
Receivables [Abstract]													
Net amounts included in Other Assets		38				29				38	29		
Allowance for doubtful accounts related to notes and direct financing lease receivables						2					2		
Accounts and notes receivable [Abstract]													
Accounts and notes receivable		419				384				419	384		
Allowance for doubtful accounts		(19)				(14)				(19)	(14)		
Accounts and notes receivable, net		400				370				400	370		
Other Assets		375				66				375	66		
Deferred income taxes		139				772				139	772		
Other current liabilities		331				342				331	342		
Repurchase Of Shares Of Common Stock [Abstract]													
Franchise and license fees and income		687	$ 565	$ 539	$ 515	648	$ 526	$ 503	$ 490	2,306	2,167	2,082	
Net Cash Provided by (Used in) Operating Activities										1,030	1,248	1,260	
Cash, Cash Equivalents and Restricted Cash as presented in the Consolidated Statement of Cash Flows		1,599				$ 831				1,599	831	365	$ 393
Operating Expenses										3,117	4,674	4,984	
CHINA | Continuing Operations [Member]													
Repurchase Of Shares Of Common Stock [Abstract]													
Franchise and license fees and income	[2]									260			
Franchise and license expenses [Member]													
Repurchase Of Shares Of Common Stock [Abstract]													
Sales Allowances, Services										5	$ 1	$ 6	
Income Tax Expense (Benefit) [Domain] | Accounting Standards Update 2016-09 [Member]													
Repurchase Of Shares Of Common Stock [Abstract]													
New Accounting Pronouncement or Change in Accounting Principle, Effect										117			

of Change on Operating Results				
Other pension (income) expense [Member] | Accounting Standards Updated 2017-07 [Domain]				
Repurchase Of Shares Of Common Stock [Abstract]				
New Accounting Pronouncement or Change in Accounting Principle, Effect of Change on Operating Results		$ 32	$ 40	
2018 [Domain] [Member] | Accounting Standards Update 2014-09 [Member]				
Revenues				1,000
Repurchase Of Shares Of Common Stock [Abstract]				
Operating Expenses				1,000
2018 [Domain] [Member] | Operating Income (Loss) [Member] | Accounting Standards Update 2014-09 [Member]				
Repurchase Of Shares Of Common Stock [Abstract]				
New Accounting Pronouncement or Change in Accounting Principle, Effect of Change on Operating Results				45
Stockholders' Equity, Total [Member] | 2018 [Domain] [Member] | Accounting Standards Update 2014-09 [Member]				
New Accounting Pronouncement or Change in Accounting Principle, Cumulative Effect of Change on Equity or Net Assets	230			230
Liabilities, Total [Member] | 2018 [Domain] [Member] | Accounting Standards Update 2014-09 [Member]				
Repurchase Of Shares Of Common Stock [Abstract]				
New Accounting Pronouncement or Change in Accounting Principle,				390

Cumulative Effect of Change on Total Liabilities		
Assets, Total [Member] | 2018 [Domain] [Member] | Accounting Standards Update 2014-09 [Member]		
New Accounting Pronouncement or Change in Accounting Principle, Cumulative Effect of Change on Equity or Net Assets	$ 140	$ 140

[1] 2017 amount excludes and 2016 amount includes the effect of $45 million in share repurchases (0.7 million shares) with trade dates prior to December 31, 2016 but settlement dates subsequent to December 31, 2016.

[2] In 2010, we refranchised our then-remaining Company-operated restaurants in Mexico. To the extent we owned it, we did not sell the real estate related to certain of these restaurants, instead leasing it to the franchisee. During 2015, we sold the real estate for approximately $58 million. While these proceeds exceeded the book value of the real estate, the sale represented a substantial liquidation of our Mexican foreign entities under GAAP. As such, the accumulated translation losses associated with our Mexican business were included in our loss on the sale. We recorded charges of $80 million representing the excess of the sum of the book value of the real estate and other related assets and our accumulated translation losses over the sales price. Consistent with the classification of the original Mexico market-wide refranchising transaction, these charges were classified as Refranchising (gain) loss. Refranchising losses of $40 million were associated with both the KFC and Pizza Hut Divisions. We continue to earn U.S. dollar-denominated franchise fees, most of which are sales-based royalties, under our existing franchise contracts with our Mexico franchisee.

Note 2. Summary of Significant Accounting Policies Summary of Significant Accounting Policies (Details 5) (Details) - USD ($) $ in Millions	12 Months Ended		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Pizza Hut Global Division [Member] | Incremental Advertising [Member]			
Costs associated with PH U.S. Acceleration Agreement	$ 25		
Franchise and license expenses [Member] | Pizza Hut Global Division [Member] | Incremental Advertising [Member]			
Costs associated with PH U.S. Acceleration Agreement	25		
Incremental Advertising [Member] | KFC Global Division [Member]			
Costs associated with KFC U.S. Acceleration Agreement	$ 20	$ 20	$ 10

Earnings Per Common Share ("EPS") (Details) - USD ($) $ / shares in Units, shares in Millions, $ in Millions	3 Months Ended								12 Months Ended		
	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Income from continuing operations										$ 1,018	$ 926
Income from discontinued operations										625	357
Net Income					$ 303	$ 640	$ 336	$ 364	$ 1,340	$ 1,643	$ 1,283
Weighted-average common shares outstanding (for basic calculation) (in shares)									347.0	394.0	435.0
Effect of dilutive share-based employee compensation (in shares)									8.0	6.0	8.0
Weighted-average common and dilutive potential common shares outstanding (for diluted calculation) (in shares)									355.0	400.0	443.0
Basic EPS (in dollars per share)					$ 0.83	$ 1.65	$ 0.82	$ 0.88	$ 3.86	$ 4.17	$ 2.95
Diluted EPS (in dollars per share)					$ 0.82	$ 1.62	$ 0.81	$ 0.87	$ 3.77	$ 4.10	$ 2.90
Unexercised employee stock options and stock appreciation rights (in millions) excluded from the diluted EPS computation (in shares) [1]									2.3	5.0	4.5
Continuing Operations [Member]											
Income from continuing operations	$ 436	$ 418	$ 206	$ 280	$ 308	$ 218	$ 266	$ 226	$ 1,340	$ 1,018	$ 926
Basic EPS (in dollars per share)	$ 1.29	$ 1.21	$ 0.59	$ 0.78	$ 0.84	$ 0.56	$ 0.65	$ 0.55	$ 3.86	$ 2.58	$ 2.13
Diluted EPS (in dollars per share)	$ 1.26	$ 1.18	$ 0.58	$ 0.77	$ 0.83	$ 0.55	$ 0.64	$ 0.54	$ 3.77	$ 2.54	$ 2.09
Discontinued Operations [Member]											
Income from discontinued operations					$ (5)	$ 422	$ 70	$ 138	$ 0	$ 625 [2]	$ 357
Basic EPS (in dollars per share)					$ (0.01)	$ 1.09	$ 0.17	$ 0.33		$ 1.59	$ 0.82
Diluted EPS (in dollars per share)					$ (0.01)	$ 1.07	$ 0.17	$ 0.33		$ 1.56	$ 0.81

[1] These unexercised employee stock options and stock appreciation rights were not included in the computation of diluted EPS because to do so would have been antidilutive for the periods presented.

[2] Includes Yum China financial results from January 1, 2016 to October 31, 2016.

Discontinued Operations (Details) $ in Millions	3 Months Ended								12 Months Ended			
	Dec. 31, 2017 USD ($) restaurants	Sep. 30, 2017 USD ($)	Jun. 30, 2017 USD ($)	Mar. 31, 2017 USD ($)	Dec. 31, 2016 USD ($)	Sep. 30, 2016 USD ($)	Jun. 30, 2016 USD ($)	Mar. 31, 2016 USD ($)	Dec. 31, 2017 USD ($) restaurants	Dec. 31, 2016 USD ($)	Dec. 31, 2015 USD ($)	Feb. 07, 2018 USD ($)
Income Statement [Abstract]												
Refranchising (gain) loss	$ 752	$ 201	$ 19	$ 111	$ 88	$ 21	$ 54		$ 1,083	$ 163	$ (23)	
Interest income [1]									(440)	(305)	(141)	
Income from discontinued operations - YUM! Brands, Inc.										625	357	
Asset Impairment Charges									4	17	17	
Disposal Group, Including Discontinued Operation, Balance Sheet Disclosures [Abstract]												
Total Current Assets	2,507				1,505				2,507	1,505		
Investments in unconsolidated affiliates												$ 200
Total assets classified as discontinued operations	5,311				5,453				5,311	5,453		
Current liablilities of discontinued operations	1,512				1,306				1,512	1,306		
Long-term debt	9,429				9,059				9,429	9,059		
Total liabilities of discontinued operations	$ 11,645				11,068				$ 11,645	11,068		
Number of Stores | restaurants	45,000								45,000			
Continuing Operations [Member]												
Income Statement [Abstract]												
Company sales	$ 890	871	909	902	1,238	992	1,006	$ 953	$ 3,572	4,189	4,336	
Franchise and license fees and income	687	$ 565	$ 539	$ 515	648	526	503	490	2,306	2,167	2,082	
Company restaurant expenses									(2,954)	(3,489)	(3,627)	
General and administrative expenses									(999)	(1,129)	(1,058)	
Franchise and license expenses									(237)	(201)	(240)	
Closures and impairment expenses									(3)	(15)	(16)	
Refranchising (gain) loss									1,083	163	(23)	
Interest income									(440)	(305)	(141)	
Income tax provision									(934)	(327)	(327)	

Disposal Group, Including Discontinued Operation, Balance Sheet Disclosures [Abstract]							
Cash and cash equivalents		1,522	725	1,522	725		345
Accounts and notes receivable, net		400	370	400	370		
Inventories		13	37	13	37		
Prepaid expenses and other current assets		371	236	371	236		
Property, Plant and equipment, net		1,697	2,113	1,697	2,113		
Goodwill		512	536	512	536		568
Intangible assets, net		110	151	110	151		
Other assets		346	376	346	376		
Deferred income taxes		139	772	139	772		
Total assets classified as discontinued operations		5,311	5,453	5,311	5,453		
Accounts payable and other current liabilities		813	1,067	813	1,067		
Income taxes payable		123	36	123	36		
Long-term debt		9,429	9,059	9,429	9,059		
Other liabilities and deferred credits		$ 704	703	704	703		
Discontinued Operations [Member]							
Income Statement [Abstract]							
Company sales					5,667	[2]	6,789
Franchise and license fees and income					109	[2]	120
Company restaurant expenses					(4,766)	[2]	(5,913)
General and administrative expenses	[3]				(406)	[2]	(405)
Franchise and license expenses					(45)	[2]	(48)
Closures and impairment expenses					(57)	[2]	(64)
Refranchising (gain) loss					12	[2]	13
Other income	[4]				49	[2]	27
Interest income					8	[2]	7
Income from discontinued operations before income taxes					571	[2]	526
Income tax provision					65	[2],[5]	(164)
Income from discontinued operations - including noncontrolling interests					636	[2]	362

Income (loss) from discontinued operations - noncontrolling interests							(11)	[2]	(5)
Income from discontinued operations - YUM! Brands, Inc.		$ (5)	$ 422	$ 70	$ 138	0	625	[2]	357
Costs associated with the planned spin-off of the China business							68		9
Closures and impairment (income) expenses									
Income Statement [Abstract]									
Closures and impairment expenses						(3)	(15)		(16)
Little Sheep [Member] | Discontinued Operations [Member]									
Income Statement [Abstract]									
Income tax provision							233		
Restatement Adjustment [Member]									
Income Statement [Abstract]									
Refranchising (gain) loss							24		
Income from discontinued operations - YUM! Brands, Inc.							0		$ 0
CHINA | Continuing Operations [Member]									
Income Statement [Abstract]									
Franchise and license fees and income	[6]					260			
Discontinued Operation, Amount of Continuing Cash Flows after Disposal						$ 217	$ 16		

[1] Amounts have not been allocated to any segment for performance reporting purposes.

[2] Includes Yum China financial results from January 1, 2016 to October 31, 2016.

[3] Includes costs incurred to execute the Separation of $68 million and $9 million for 2016 and 2015, respectively. Such costs primarily relate to transaction advisors, legal and other consulting fees.

[4] Primarily relates to equity income from KFC franchisees in which Yum China owns a minority interest.

[5] During 2016, we recorded a tax benefit of $233 million related to previously recorded losses associated with our Little Sheep business. The tax benefit associated with these losses was able to be recognized as a result of legal entity restructuring completed in anticipation of the Separation.

[6] In 2010, we refranchised our then-remaining Company-operated restaurants in Mexico. To the extent we owned it, we did not sell the real estate related to certain of these restaurants, instead leasing it to the franchisee. During 2015, we sold the real estate for approximately $58 million. While these proceeds exceeded the book value of the real estate, the sale represented a substantial liquidation of our Mexican foreign entities under GAAP. As such, the accumulated translation losses associated with our Mexican business were included in our loss on the sale. We recorded charges of $80 million representing the excess of the sum of the book value of the

real estate and other related assets and our accumulated translation losses over the sales price. Consistent with the classification of the original Mexico market-wide refranchising transaction, these charges were classified as Refranchising (gain) loss. Refranchising losses of $40 million were associated with both the KFC and Pizza Hut Divisions. We continue to earn U.S. dollar-denominated franchise fees, most of which are sales-based royalties, under our existing franchise contracts with our Mexico franchisee.

Items Affecting Comparability of Net Income and Cash Flows (Details) $ / shares in Units, $ in Millions	3 Months Ended								12 Months Ended			
	Dec. 31, 2017 USD ($) $ / shares	Sep. 30, 2017 USD ($) $ / shares	Jun. 30, 2017 USD ($) $ / shares	Mar. 31, 2017 USD ($) $ / shares	Dec. 31, 2016 USD ($) $ / shares	Sep. 30, 2016 USD ($) $ / shares	Jun. 30, 2016 USD ($) $ / shares	Mar. 31, 2016 USD ($) $ / shares	Dec. 31, 2017 USD ($) restaurants $ / shares	Dec. 31, 2016 USD ($) restaurants $ / shares	Dec. 31, 2015 USD ($) restaurants $ / shares	Dec. 31, 2014 USD ($)
Facility Actions [Line Items]												
Revenues										$ 6,356.0	$ 6,418.0	
Proceeds from refranchising of restaurants									$ 1,773.0	370.0	213.0	
Refranchising (gain) loss	$ (752.0)	$ (201.0)	$ (19.0)	$ (111.0)	$ (88.0)	$ (21.0)	$ (54.0)		(1,083.0)	(163.0)	23.0	
Impact of retrospectively adopting new accounting guidance on Benefit Costs										32.0	40.0	
Store closure (income) costs(a) [1]									(1.0)	(2.0)	(1.0)	
Business Combination												
Pension settlement charges									(20.0)	(33.0)		
Facility Actions [Abstract]												
Asset Impairment Charges									4.0	17.0	17.0	
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]												
Other Comprehensive Income (Loss), Foreign Currency Transaction and Translation Reclassification Adjustment from AOCI, Realized upon Sale or Liquidation, before Tax									(55.0)	11.0	(115.0)	
Operating Profit									2,761.0	1,682.0	1,434.0	
Income from continuing operations										1,018.0	926.0	
Income from discontinued operations										625.0	357.0	
Net Income (Loss) Attributable to Parent					$ 303.0	$ 640.0	$ 336.0	$ 364.0	$ 1,340.0	$ 1,643.0	$ 1,283.0	
Diluted EPS (in dollars per share) | $ / shares					$ 0.82	$ 1.62	$ 0.81	$ 0.87	$ 3.77	$ 4.10	$ 2.90	
Total Shareholders' Equity	(6,334.0)				$ (5,615.0)				$ (6,334.0)	$ (5,615.0)		
Gain (loss) on disposition of assets [Member]												
Facility Actions [Line Items]												
Number of Restaurants Refranchised | restaurants									1,470	432	270	
Closures and impairment (income) expenses												
Facility Actions [Abstract]												
Closure and impairment (income) expenses									$ 3.0	$ 15.0	$ 16.0	
MEXICO												
Facility Actions [Line Items]												
Transfer of Financial Assets Accounted for as Sales, Cash Proceeds Received for Assets Derecognized, Amount											58.0	
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]												

Disposal Group, Not Discontinued Operation, Gain (Loss) on Disposal											80.0	
Taco Bell Global Division [Member]												
Facility Actions [Line Items]												
Store closure (income) costs(a)	[1]								(1.0)	0.0	(1.0)	
Facility Actions [Abstract]												
Asset Impairment Charges									1.0	3.0	4.0	
Closure and impairment (income) expenses									0.0	3.0	3.0	
Pizza Hut Global Division [Member]												
Facility Actions [Line Items]												
Store closure (income) costs(a)	[1]								0.0	(5.0)	(1.0)	
Facility Actions [Abstract]												
Asset Impairment Charges									1.0	6.0	5.0	
Closure and impairment (income) expenses									1.0	1.0	4.0	
KFC Global Division [Member]												
Facility Actions [Line Items]												
Store closure (income) costs(a)	[1]								0.0	3.0	1.0	
Facility Actions [Abstract]												
Asset Impairment Charges									2.0	8.0	8.0	
Closure and impairment (income) expenses									2.0	11.0	9.0	
Corporate and Other [Member] | General and Administrative Expense [Member]												
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]												
Restructuring and Related Cost, Incurred Cost		8.0	4.0	4.0	7.0	33.0	$ 30.0	$ 4.0	23.0	67.0		
KFC Global Division [Member]												
Facility Actions [Line Items]												
Refranchising (gain) loss									(581.0)	(44.0)	32.0	[2]
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]												
Operating Profit									981.0	871.0	835.0	
KFC Global Division [Member] | MEXICO												
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]												
Disposal Group, Not Discontinued Operation, Gain (Loss) on Disposal											40.0	
Unallocated and General and administrative expenses [Domain] | Franchise and license expenses [Member]												
Facility Actions [Line Items]												

Costs associated with KFC U.S. Acceleration Agreement	5.0	4.0	5.0	3.0	9.0	8.0	$ 9.0	17.0	26.0	72.0	
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]											
Costs associated with PH U.S. Acceleration Agreement	11.0	8.0	12.0					31.0			
U.S.											
Facility Actions [Line Items]											
Revenues								2,800.0	3,100.0	3,100.0	
Pizza Hut Global Division [Member]											
Facility Actions [Line Items]											
Refranchising (gain) loss								(16.0)	(48.0)	56.0 [2]	
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]											
Operating Profit								341.0	367.0	351.0	
Pizza Hut Global Division [Member] | MEXICO											
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]											
Disposal Group, Not Discontinued Operation, Gain (Loss) on Disposal									40.0		
Taco Bell Global Division [Member]											
Facility Actions [Line Items]											
Refranchising (gain) loss								(486.0)	(71.0)	(65.0)	
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]											
Operating Profit								619.0	595.0	546.0	
Retained Earnings											
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]											
Net Income (Loss) Attributable to Parent								1,340.0	1,643.0	1,283.0	
Total Shareholders' Equity	(6,063.0)				(5,157.0)			(6,063.0)	(5,157.0)	1,187.0	$ 1,784.0
2017 to 2018 [Domain] | Unallocated and General and administrative expenses [Domain] | Franchise and license expenses [Member]											
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]											
Costs associated with PH U.S. Acceleration Agreement								90.0			
2015 to 2018 [Domain] [Domain] | Unallocated and General and administrative expenses [Domain] | Franchise and license expenses [Member]											
Facility Actions [Line Items]											

Costs associated with KFC U.S. Acceleration Agreement		130.0		
Incremental Advertising [Member] | KFC Global Division [Member]				
Facility Actions [Line Items]				
Costs associated with KFC U.S. Acceleration Agreement		20.0	20.0	10.0
Incremental Advertising [Member] | 2018 [Domain] [Member] | KFC Global Division [Member]				
Facility Actions [Line Items]				
Costs associated with KFC U.S. Acceleration Agreement		10.0		
Incremental Advertising [Member] | 2015 to 2018 [Domain] | KFC Global Division [Member]				
Facility Actions [Line Items]				
Costs associated with KFC U.S. Acceleration Agreement		60.0		
U.S. Pension Plans [Member]				
Facility Actions [Line Items]				
Deferred vested pension payout	[3]	73.0	260.0	
Business Combination				
Pension settlement charges	[4]	(19.0)	32.0	5.0
U.S. Pension Plans [Member] | Other pension (income) expense [Member]				
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]				
Pension data adjustment		22.0	[5] 0.0	0.0
U.S. Pension Plans [Member] | Deferred Vested Project [Member]				
Facility Actions [Line Items]				
Deferred vested pension payout	[3]	205.0		
Business Combination				
Pension settlement charges	[4]	24.0		
U.S. Pension Plans [Member] | Deferred Vested Project [Member] | Other pension (income) expense [Member]				
Business Combination				
Pension settlement charges	[4]	24.0		
Executive Income Deferral Plan [Member] | Mark-to-Market of YUM China Funds [Member]				
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]				
General and administrative expenses		18.0	30.0	
Continuing Operations [Member]				

Facility Actions [Line Items]											
Net Cash Provided by (Used in) Operating Activities									1,030.0	1,248.0	1,260.0
Revenues	1,577.0	1,436.0	1,448.0	1,417.0	1,886.0	1,518.0	1,509.0	1,443.0	5,878.0	6,356.0	6,418.0
Proceeds from refranchising of restaurants									1,773.0	370.0	213.0
Effective Income Tax Rate Reconciliation, Change in Enacted Tax Rate, Amount									434.0	0.0	0.0
Refranchising (gain) loss									(1,083.0)	(163.0)	23.0
Franchise and license expenses									237.0	201.0	240.0
Facility Actions [Abstract]											
Closure and impairment (income) expenses									3.0	15.0	16.0
Carrying value of goodwill	512.0				536.0				512.0	536.0	568.0
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]											
General and administrative expenses									999.0	1,129.0	1,058.0
Operating Profit	1,215.0 [6]	643.0 [6]	419.0 [6]	484.0 [6]	520.0 [7]	398.0 [7]	415.0 [7]	349.0 [7]	2,761.0 [6]	1,682.0 [7]	1,434.0
Income from continuing operations	$ 436.0	$ 418.0	$ 206.0	$ 280.0	$ 308.0	$ 218.0	$ 266.0	$ 226.0	$ 1,340.0	$ 1,018.0	$ 926.0
Diluted EPS (in dollars per share) | $ / shares	$ 1.26	$ 1.18	$ 0.58	$ 0.77	$ 0.83	$ 0.55	$ 0.64	$ 0.54	$ 3.77	$ 2.54	$ 2.09
Net Cash Provided by (Used in) Investing Activities									$ 1,472.0	$ (4.0)	$ (199.0)
Net Cash Used in Financing Activities									(1,795.0)	(744.0)	(1,089.0)
Continuing Operations [Member] | Pizza Hut											
Facility Actions [Abstract]											
Carrying value of goodwill	$ 162.0				$ 157.0				162.0	157.0	189.0
Continuing Operations [Member] | Corporate and Other [Member]											
Facility Actions [Line Items]											
Revenues [8]									(5.0) [9]	(2.0) [9]	0.0
Continuing Operations [Member] | KFC Global Division [Member]											
Facility Actions [Line Items]											
Revenues [10]									3,110.0	3,225.0	3,222.0
Continuing Operations [Member] | Pizza Hut Global Division [Member]											
Facility Actions [Line Items]											
Revenues [10]									893.0	1,108.0	1,205.0
Continuing Operations [Member] | Taco Bell Global Division [Member]											
Facility Actions [Line Items]											
Revenues [10]									1,880.0	2,025.0	1,991.0
Discontinued Operations [Member]											
Facility Actions [Line Items]											
Net Cash Provided by (Used in) Operating Activities									0.0	829.0	931.0
Refranchising (gain) loss										(12.0) [11]	(13.0)

Franchise and license expenses							45.0 [11]	48.0
Facility Actions [Abstract]								
Closure and impairment (income) expenses							57.0 [11]	64.0
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]								
General and administrative expenses	[12]						406.0 [11]	405.0
Income from discontinued operations		$ (5.0)	$ 422.0	$ 70.0	$ 138.0	0.0	$ 625.0 [11]	$ 357.0
Diluted EPS (in dollars per share) | $ / shares		$ (0.01)	$ 1.07	$ 0.17	$ 0.33		$ 1.56	$ 0.81
Net Cash Provided by (Used in) Investing Activities						0.0	$ (287.0)	$ (493.0)
Net Cash Used in Financing Activities						0.0	(292.0)	(234.0)
Property, Plant and Equipment [Member]								
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]								
Costs associated with PH U.S. Acceleration Agreement						8.0		
Disposal Group, Held-for-sale, Not Discontinued Operations [Member] | Corporate and Other [Member]								
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]								
Depreciation						(10.0)		
Incremental Advertising [Member] | Pizza Hut Global Division [Member]								
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]								
Costs associated with PH U.S. Acceleration Agreement						25.0		
Incremental Advertising [Member] | Pizza Hut Global Division [Member] | Franchise and license expenses [Member]								
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]								
Costs associated with PH U.S. Acceleration Agreement						25.0		
Incremental Advertising [Member] | Second half of 2017 to 2018 [Domain] | Pizza Hut Global Division [Member]								
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]								
Costs associated with PH U.S. Acceleration Agreement						37.5		

Accounting Standards Update 2014-09 [Member] | 2018 [Domain] [Member]				
Facility Actions [Line Items]				
Revenues		1,000.0		
Accounting Standards Update 2014-09 [Member] | 2018 [Domain] [Member] | Assets, Total [Member]				
Facility Actions [Line Items]				
New Accounting Pronouncement or Change in Accounting Principle, Cumulative Effect of Change on Equity or Net Assets	$ 140.0	$ 140.0		
Scenario, Previously Reported [Member]				
Facility Actions [Line Items]				
Revenues			6,366.0	6,440.0
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]				
Operating Profit			1,625.0	1,402.0
Income from continuing operations			994.0	936.0
Income from discontinued operations			625.0	357.0
Net Income (Loss) Attributable to Parent			$ 1,619.0	$ 1,293.0
Diluted EPS (in dollars per share) | $ / shares			$ 4.04	$ 2.92
Scenario, Previously Reported [Member] | Continuing Operations [Member]				
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]				
Diluted EPS (in dollars per share) | $ / shares			2.48	2.11
Scenario, Previously Reported [Member] | Discontinued Operations [Member]				
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]				
Diluted EPS (in dollars per share) | $ / shares			$ 1.56	$ 0.81
Restatement Adjustment [Member]				
Facility Actions [Line Items]				
Net Cash Provided by (Used in) Operating Activities			$ 39.0	
Revenues			(10.0)	$ (22.0)
Refranchising (gain) loss			(24.0)	
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]				
Operating Profit			25.0 [13]	(8.0)

Income from continuing operations		24.0	(10.0)	
Income from discontinued operations		0.0	0.0	
Net Income (Loss) Attributable to Parent		$ 24.0	$ (10.0)	
Diluted EPS (in dollars per share) | $ / shares		$ 0.06	$ (0.02)	
Net Cash Provided by (Used in) Investing Activities		$ 20.0	$ 10.0	
Net Cash Used in Financing Activities		$ 16.0	$ 16.0	
Total Shareholders' Equity				$ 9.0
Restatement Adjustment [Member] | Continuing Operations [Member]				
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]				
Diluted EPS (in dollars per share) | $ / shares		$ 0.06	$ (0.02)	
Restatement Adjustment [Member] | Discontinued Operations [Member]				
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]				
Diluted EPS (in dollars per share) | $ / shares		$ 0	$ 0	
Excluding the impact of retrospectively adopting new accounting guidance [Member]				
Activity related to reserves for remaining lease obligations for closed stores [Roll Forward]				
Operating Profit	[14]	$ 1,650.0	$ 1,394.0	

[1] Store closure (income) costs include the net gain or loss on sales of real estate on which we formerly operated a Company-owned restaurant that was closed, lease reserves established when we cease using a property under an operating lease and subsequent adjustments to those reserves and other facility-related expenses from previously closed stores. Remaining lease obligations for closed stores were not material at December 31, 2017 or December 31, 2016.

[2] In 2010, we refranchised our then-remaining Company-operated restaurants in Mexico. To the extent we owned it, we did not sell the real estate related to certain of these restaurants, instead leasing it to the franchisee. During 2015, we sold the real estate for approximately $58 million. While these proceeds exceeded the book value of the real estate, the sale represented a substantial liquidation of our Mexican foreign entities under GAAP. As such, the accumulated translation losses associated with our Mexican business were included in our loss on the sale. We recorded charges of $80 million representing the excess of the sum of the book value of the real estate and other related assets and our accumulated translation losses over the sales price. Consistent with the classification of the original Mexico market-wide refranchising transaction, these charges were classified as Refranchising (gain) loss. Refranchising losses of $40 million were associated with both the KFC and Pizza Hut Divisions. We continue to earn U.S. dollar-denominated franchise fees, most of which are sales-based royalties, under our existing franchise contracts with our Mexico franchisee.

[3] For discussion of the settlement payments made in connection with the deferred vested program in 2016, see Note 5.

[4] Settlement losses result when benefit payments exceed the sum of the service cost and interest cost within a plan during the year. These losses were recorded in Other pension (income) expense.

[5] Reflects a non-cash, out-of-year charge related to the adjustment of certain historical deferred vested liability balances in the Plan during the first quarter of 2017 recorded in Other pension (income) expense. See Note 5.

[6] Includes net gains from refranchising initiatives of $111 million, $19 million, $201 million and $752 million in the first, second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $7 million, $4 million, $4 million and $8 million in the first, second, third and fourth quarters, respectively, costs associated with the Pizza Hut U.S. Transformation Agreement of $12 million, $8 million and $11 million in the second, third and fourth quarters, respectively, costs associated with the KFC U.S. Acceleration Agreement of $3 million, $5 million, $4 million and $5 million in the first, second, third and fourth quarters, respectively and non-cash charges associated with the modification of share-based compensation awards in connection with the Separation of $2 million and $16 million in the first and second quarters, respectively.

[7] Includes net gains from refranchising initiatives of $54 million, $21 million and $88 million in the second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $4 million, $30 million and $33 million in the second, third and fourth quarters, respectively, a non-cash charge primarily associated with the modification of share-based compensation awards in connection with the Separation of $30 million in the fourth quarter and costs associated with KFC U.S. Acceleration Agreement of $9 million, $8 million and $9 million in the first, second and fourth quarters, respectively. See Note 5.

[8] Amounts have not been allocated to any segment for performance reporting purposes.

[9] Represents costs associated with the KFC U.S. Acceleration Agreement and Pizza Hut U.S. Transformation Agreement. See Note 5.

[10] U.S. revenues included in the combined KFC, Pizza Hut and Taco Bell Divisions totaled $2.8 billion in 2017, $3.1 billion in 2016 and $3.1 billion in 2015.

[11] Includes Yum China financial results from January 1, 2016 to October 31, 2016.

[12] Includes costs incurred to execute the Separation of $68 million and $9 million for 2016 and 2015, respectively. Such costs primarily relate to transaction advisors, legal and other consulting fees.

[13] Primarily represents gains of $24 million related to the refranchising of certain international restaurants which occurred in December 2016.

[14] Amount does not reconcile to our Consolidated Statements of Income for the year ended December 31, 2016 and December 31, 2015 due to the impact of retrospectively adopting a new accounting standard on Benefit Costs of $32 million and $40 million, respectively. See Note 2.

Supplemental Cash Flow Data (Details) - Continuing Operations [Member] - USD ($) $ in Millions	12 Months Ended			
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Cash Paid For:				
Interest	$ 442	$ 297	$ 141	
Income taxes	346	314	392 [1]	
Significant Non-Cash Investing and Financing Activities:				
Capital lease obligations incurred	8	10	26	
Capital lease and other debt obligations transferred through refranchising	(35)	(1)	0	
Cash and Cash Equivalents, at Carrying Value	1,522	725	345	
Cash, Cash Equivalents and Restricted Cash as presented in the Consolidated Statement of Cash Flows	1,599	831	365	$ 393
Prepaid Expenses and Other Current Assets [Member]				
Significant Non-Cash Investing and Financing Activities:				
Restricted Cash and Cash Equivalents, Current	60 [1]	55 [1]	0	
Other Assets [Member]				
Significant Non-Cash Investing and Financing Activities:				
Restricted Cash and Cash Equivalents, Noncurrent [2]	$ 17	$ 51	$ 20	

[1] Restricted cash within Prepaid expenses and other current assets reflects the Taco Bell Securitization interest reserves. See Note 11.

[2] Primarily trust accounts related to our self-insurance program. 2016 also includes cash balances required, to the extent necessary, to meet statutory minimum net worth requirements for legal entities which enter into U.S. franchise agreements.

Franchise and License Fees and Income (Details) - Continuing Operations [Member] - USD ($) $ in Millions	3 Months Ended								12 Months Ended		
	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Franchise And License Fees And Income [Abstract]											
Initial fees, including renewal fees									$ 96	$ 72	$ 71
Continuing fees and rental income									2,210	2,095	2,011
Franchise and license fees and income	$ 687	$ 565	$ 539	$ 515	$ 648	$ 526	$ 503	$ 490	$ 2,306	$ 2,167	$ 2,082

Other (Income) Expense (Details) - Continuing Operations [Member] - USD ($) $ in Millions	12 Months Ended		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Other Income and Expenses [Line Items]			
Foreign currency transaction (gain) loss and other (income) expense, before tax	$ 5	$ (6)	$ 20
Loss associated with corporate aircraft	2 [1]	9 [1]	0
Other (income) expense	$ 7	$ 3	$ 20

[1] During 2016, we made the decision to no longer operate a corporate aircraft fleet and offered our owned aircraft for sale, one of which was sold during 2016 and one that was sold in 2017. The losses associated with these sales reflect the shortfall of the proceeds, including estimated proceeds in held-for-sale impairment evaluations, less any selling costs, over the carrying value of the aircraft.

Supplemental Balance Sheet Information (Details) - Continuing Operations [Member] - USD ($) $ in Millions		12 Months Ended		
		Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Prepaid Expenses and Other Current Assets				
Income tax receivable		$ 175	$ 44	
Assets held for sale	[1]	37	57	
Other prepaid expenses and current assets		159	135	
Prepaid expenses and other current assets		371	236	
Property, Plant and equipment, gross		3,177	4,108	
Accumulated depreciation and amortization		(1,480)	(1,995)	
Property, Plant and equipment, net		1,697	2,113	
Depreciation and amortization		238	295	$ 302
Accounts Payable and Other Current Liabilities				
Accounts payable		119	142	
Accrued capital expenditures		21	39	
Accrued compensation and benefits		252	372	
Dividends payable		0	106	
Accrued taxes, other than income taxes		90	66	
Other current liabilities		331	342	
Accounts payable and other current liabilities		813	1,067	
Land				
Prepaid Expenses and Other Current Assets				
Property, Plant and equipment, gross		452	438	
Buildings and improvements				
Prepaid Expenses and Other Current Assets				
Property, Plant and equipment, gross		1,661	2,149	
Capital leases, primarily buildings				
Prepaid Expenses and Other Current Assets				
Property, Plant and equipment, gross		123	141	
Machinery and equipment				
Prepaid Expenses and Other Current Assets				
Property, Plant and equipment, gross		$ 941	$ 1,380	

[1] Reflects the carrying value of restaurants we have offered for sale to franchisees and excess properties that we do not intend to use for restaurant operations in the future. 2016 amounts also include a corporate aircraft sold in 2017.

Goodwill and Intangible Assets (Details) - Continuing Operations [Member] - USD ($) $ in Millions		12 Months Ended		
		Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Changes in the carrying amount of goodwill [Roll Forward]				
Goodwill, gross		$ 529	$ 553	$ 585
Accumulated impairment losses (beginning balance)		(17)	(17)	
Goodwill, net		512	536	568
Disposals and other, net	[1]	(24)	(32)	
Accumulated impairment losses (ending balance)		(17)	(17)	
KFC				
Changes in the carrying amount of goodwill [Roll Forward]				
Goodwill, gross		247	268	266
Accumulated impairment losses (beginning balance)		0	0	
Goodwill, net		247	268	266
Disposals and other, net	[1]	(21)	2	
Accumulated impairment losses (ending balance)		0	0	
Pizza Hut				
Changes in the carrying amount of goodwill [Roll Forward]				
Goodwill, gross		179	174	206
Accumulated impairment losses (beginning balance)		(17)	(17)	
Goodwill, net		162	157	189
Disposals and other, net	[1]	5	(32)	
Accumulated impairment losses (ending balance)		(17)	(17)	
Taco Bell				
Changes in the carrying amount of goodwill [Roll Forward]				
Goodwill, gross		103	111	113
Accumulated impairment losses (beginning balance)		0	0	
Goodwill, net		103	111	$ 113
Disposals and other, net	[1]	(8)	(2)	
Accumulated impairment losses (ending balance)		$ 0	$ 0	

[1] Disposals and other, net includes the impact of foreign currency translation on existing balances and goodwill write-offs associated with refranchising.

Goodwill and Intangible Assets (Details 2) - Continuing Operations [Member] - USD ($) $ in Millions	12 Months Ended		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Definite-lived intangible assets			
Gross Carrying Amount	$ 229	$ 274	
Accumulated Amortization	(150)	(154)	
Definite-lived intangible assets, amortization expense	10	12	$ 13
Approximate amortization expense for definite-lived intangible assets - 2016	7		
Approximate amortization expense for definite-lived intangible assets - 2017	7		
Approximate amortization expense for definite-lived intangible assets - 2018	6		
Approximate amortization expense for definite-lived intangible assets - 2019	6		
Approximate amortization expense for definite-lived intangible assets - 2020	6		
Franchise contract rights [Member]			
Definite-lived intangible assets			
Gross Carrying Amount	100	99	
Accumulated Amortization	(77)	(73)	
Lease tenancy rights [Member]			
Definite-lived intangible assets			
Gross Carrying Amount	32	56	
Accumulated Amortization	(6)	(9)	
Reacquired franchise rights [Member]			
Definite-lived intangible assets			
Gross Carrying Amount	60	83	
Accumulated Amortization	(42)	(49)	
Other [Member]			
Definite-lived intangible assets			
Gross Carrying Amount	37	36	
Accumulated Amortization	(25)	(23)	
KFC | Trademarks/brands [Member]			
Indefinite-lived intangible assets			
Gross Carrying Amount	$ 31	$ 31	

Short-term Borrowings and Long-term Debt (Details) $ in Millions	3 Months Ended		12 Months Ended		
	Sep. 30, 2017 USD ($)	Jun. 30, 2016 USD ($)	Dec. 31, 2017 USD ($) Months Years Rate	Dec. 31, 2016 USD ($)	Dec. 31, 2015 USD ($)
Debt Instrument [Line Items]					
Other Short-term Borrowings			$ 0	$ 8	
Short-term Debt, including debt issuance costs			386	74	
Debt Issuance Costs, Current, Net			(11)	(8)	
Short-term Borrowings					
Total Short-term Borrowings			375	66	
Long-term Debt					
Long-term debt including hedge accounting adjustment			9,429	9,059	
Capital Lease Obligations Excluded from Annual Maturities			105		
Line of Credit Facility [Abstract]					
Capital Lease Obligations, Noncurrent			105	120	
Long-term debt and capital less obligations, including current maturities and debt issuance costs			9,901	9,204	
Debt Issuance Costs, Noncurrent, Net			$ (86)	(79)	
Senior Unsecured Notes [Abstract]					
Maturity date			Nov. 01, 2043		
Long-term Debt, Current Maturities			$ 386	66	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]					
2016			380		
2017			318		
2018			1,190		

2019		441		
2020		410		
Thereafter		7,057		
Total		9,796		
Interest expense on short-term borrowings and long-term debt		473	331	$ 153
Interest Income (Expense), Net	[1]	$ (440)	(305)	(141)
Senior Unsecured Notes Due March 2018 [Member]				
Senior Unsecured Notes [Abstract]				
Issuance date	[2]	Oct. 19, 2007		
Maturity date		Mar. 15, 2018		
Principal amount		$ 325		
Interest rate, stated (in hundredths)		6.25%		
Interest rate, effective (in hundredths)	[3]	6.36%		
Senior Unsecured Notes Due November 2037 [Member]				
Senior Unsecured Notes [Abstract]				
Issuance date	[2]	Oct. 19, 2007		
Maturity date		Nov. 15, 2037		
Principal amount		$ 325		
Interest rate, stated (in hundredths)		6.88%		
Interest rate, effective (in hundredths)	[3]	7.45%		
Senior Unsecured Notes Due September 2019 [Member]				
Senior Unsecured Notes [Abstract]				
Issuance date	[2]	Aug. 25, 2009		
Maturity date		Sep. 15, 2019		
Principal amount		$ 250		
Interest rate, stated (in hundredths)		5.30%		
Interest rate, effective (in hundredths)	[3]	5.59%		
Senior Unsecured Notes Due November 2020 [Member]				

Senior Unsecured Notes [Abstract]		
Issuance date	[2]	Aug. 31, 2010
Maturity date		Nov. 01, 2020
Principal amount		$ 350
Interest rate, stated (in hundredths)		3.88%
Interest rate, effective (in hundredths)	[3]	4.01%
Senior Unsecured Notes Due November 2021 [Member]		
Senior Unsecured Notes [Abstract]		
Issuance date	[2]	Aug. 29, 2011
Maturity date		Nov. 01, 2021
Principal amount		$ 350
Interest rate, stated (in hundredths)		3.75%
Interest rate, effective (in hundredths)	[3]	3.88%
Senior Unsecured Notes Due November 2023 [Member]		
Senior Unsecured Notes [Abstract]		
Issuance date	[2]	Oct. 31, 2013
Maturity date		Nov. 01, 2023
Principal amount		$ 325
Interest rate, stated (in hundredths)		3.88%
Interest rate, effective (in hundredths)	[3]	4.01%
Senior Unsecured Notes Due November 2043 [Member]		
Senior Unsecured Notes [Abstract]		
Issuance date	[2]	Oct. 31, 2013
Principal amount		$ 275
Interest rate, stated (in hundredths)		5.35%
Interest rate, effective (in hundredths)	[3]	5.42%
Variable Funding Notes [Member]		
Annual maturities of short-term borrowings and long-		

term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]			
Interest expense on short-term borrowings and long-term debt		$ 2	
Secured Debt [Member] | The Credit Agreement and Subsidiary Senior Unsecured Notes [Member] [Member]			
Line of Credit Facility [Abstract]			
Debt Issuance Costs, Gross		56	
Secured Debt [Member] | Term Loan A and B Facilities and Revolving Facility [Domain]			
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]			
Debt Issuance Costs, Net		32	
Secured Debt [Member] | Term Loan A Facility [Member]			
Debt Instrument [Line Items]			
Proceeds from Issuance of Debt	$ 500		
Long-term Debt		$ 500	500
Senior Unsecured Notes [Abstract]			
Maturity date		Jun. 07, 2022	
Interest rate, effective (in hundredths) | Rate		3.24%	
Frequency of interest payments		quarterly	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]			

Debt Instrument, Payment Terms		amortization payments beginning one full fiscal quarter after the first anniversary of the closing date	
Term Loan A Facility, Repayments of Principal in Year Two and Three | Rate		1.25%	
Term Loan A Facility, Repayments of Principal in Year Four | Rate		1.875%	
Term Loan A, Repayments of Principal in Year Five | Rate		3.75%	
Principal assigned to new lenders or existing lenders		$ 146	
Secured Debt [Member] | Revolving Credit Facility [Member]			
Line of Credit Facility [Abstract]			
Line of credit facility, maximum borrowing capacity		1,000	
Secured Debt [Member] | Term Loan B Facility [Member]			
Debt Instrument [Line Items]			
Proceeds from Issuance of Debt	$ 2,000		
Long-term Debt		$ 1,975	1,990
Amount of basis points Term Loan B interest rate reduced by due to repricing		75	
Senior Unsecured Notes [Abstract]			
Maturity date		Jun. 16, 2023	
Interest rate, effective (in hundredths) | Rate		3.82%	
Frequency of interest payments		quarterly	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]			
Term Loan B, Repayment of Principal | Rate		0.25%	

Principal assigned to new lenders or existing lenders		$ 192
Interest Income (Expense), Net		$ 8
Secured Debt [Member] | Term Loan A Facility and Revolving Facility [Member]		
Line of Credit Facility [Abstract]		
Amount of basis points Term Loan A and Revolving Facility interest rate reduced by due to repricing		75
Secured Debt [Member] | Class A-2 Notes [Member]		
Senior Unsecured Notes [Abstract]		
Issuance date	May 11, 2016	
Maturity date		May 01, 2046
Frequency of interest payments		quarterly
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]		
Debt Instrument, Payment Terms		no amortization of principal of the Class A-2 Notes is required prior to their anticipated repayment dates
Long-term Debt, Contingent Payment of Principal or Interest		as of any quarterly measurement date the consolidated leverage ratio (the ratio of total debt to Net Cash Flow (as defined in the Indenture)) for the preceding four fiscal quarters of either the Company and its subsidiaries or the Issuer and its subsidiaries exceeds 5.0:1, in which case amortization payments of 1% per year of the outstanding principal as of the closing of the Securitization Notes is required. As of the most recent quarterly measurement date the consolidated leverage ratio exceeded 5.0:1 and, as a result, amortization payments are required.
Secured Debt [Member] | Revolving Facility [Member]		

Line of Credit Facility [Abstract]			
Line of credit facility, maximum borrowing capacity			$ 1,000
Outstanding borrowings			$ 0
Secured Debt [Member] | the Credit Agreement [Member]			
Senior Unsecured Notes [Abstract]			
Issuance date	Jun. 16, 2016		
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]			
Debt Instrument, Payment Terms			The Credit Agreement is subject to certain mandatory prepayments, including an amount equal to 50% of excess cash flow (as defined in the Credit Agreement) on an annual basis and the proceeds of certain asset sales, casualty events and issuances of indebtedness, subject to customary exceptions and reinvestment rights.
Debt Instrument, Covenant Compliance			We were in compliance with all debt covenants as of December 31, 2017
Secured Debt [Member] | Class A-2-I Notes [Member]			
Debt Instrument [Line Items]			
Proceeds from Issuance of Debt		$ 800	
Senior Unsecured Notes [Abstract]			
Interest rate, stated (in hundredths) | Rate			3.832%
Interest rate, effective (in hundredths) | Rate			4.18%
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]			
Long-term Debt, Anticipated Repayment Date | Years			4

Secured Debt [Member] | Class A-2-II Notes [Member]		
Debt Instrument [Line Items]		
Proceeds from Issuance of Debt	500	
Senior Unsecured Notes [Abstract]		
Interest rate, stated (in hundredths) | Rate	4.377%	
Interest rate, effective (in hundredths) | Rate	4.59%	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]		
Long-term Debt, Anticipated Repayment Date | Years	7	
Secured Debt [Member] | Class A-2-III Notes [Member]		
Debt Instrument [Line Items]		
Proceeds from Issuance of Debt	1,000	
Senior Unsecured Notes [Abstract]		
Interest rate, stated (in hundredths) | Rate	4.97%	
Interest rate, effective (in hundredths) | Rate	5.14%	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]		
Long-term Debt, Anticipated Repayment Date | Years	10	
Secured Debt [Member] | Securitization Notes [Member]		
Short-term Borrowings		
Senior Notes, Noncurrent	$ 2,271	2,294

Line of Credit Facility [Abstract]			
Debt Issuance Costs, Gross			31
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]			
Debt Instrument, Debt Default, Description of Violation or Event of Default		The Securitization Notes are also subject to certain customary events of default, including events relating to non-payment of required interest or principal due on the Securitization Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, certain judgments and failure of the Securitization Entities to maintain a stated debt service coverage ratio	
Debt Instrument, Covenant Compliance		As of December 31, 2017, we were in compliance with all of our debt covenant requirements and were not subject to any rapid amortization events	
Senior Unsecured Notes [Member]			
Senior Unsecured Notes [Abstract]			
Number of months until first required interest payment after debt issuance | Months		6	
Frequency of interest payments		semi-annually	
Senior Unsecured Notes [Member] | Subsidiary Senior Unsecured Notes [Member]			
Short-term Borrowings			
Senior Notes, Noncurrent		$ 2,850	2,100
Senior Unsecured Notes [Abstract]			
Issuance date	Jun. 16, 2016		
Frequency of interest payments		semi-annually	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and			

derivative instrument adjustments [Abstract]		
Debt Instrument, Covenant Compliance		We were in compliance with all debt covenants as of December 31, 2017
Senior Unsecured Notes [Member] | Subsidiary Senior Unsecured Notes due 2024 [Member]		
Debt Instrument [Line Items]		
Proceeds from Issuance of Debt	1,050	
Senior Unsecured Notes [Abstract]		
Maturity date		Jun. 01, 2024
Interest rate, stated (in hundredths) | Rate		5.00%
Interest rate, effective (in hundredths) | Rate		5.16%
Senior Unsecured Notes [Member] | Subsidiary Senior Unsecured Notes due 2026 [Member]		
Debt Instrument [Line Items]		
Proceeds from Issuance of Debt	1,050	
Senior Unsecured Notes [Abstract]		
Maturity date		Jun. 01, 2026
Interest rate, stated (in hundredths) | Rate		5.25%
Interest rate, effective (in hundredths) | Rate		5.39%
Senior Unsecured Notes [Member] | Subsidiary Senior Unsecured Notes due 2027 [Domain]		
Debt Instrument [Line Items]		
Proceeds from Issuance of Debt		$ 750
Senior Unsecured Notes [Abstract]		
Interest rate, stated (in hundredths) | Rate		4.75%

Interest rate, effective (in hundredths) | Rate	4.90%	
Frequency of interest payments	semi-annually	
Senior Unsecured Notes [Member] | YUM Senior Unsecured Notes [Member] [Domain]		
Short-term Borrowings		
Senior Notes, Noncurrent	$ 2,200	2,200
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]		
Debt Instrument, Debt Default, Description of Violation or Event of Default	Our YUM Senior Unsecured Notes contain cross-default provisions whereby the acceleration of the maturity of any of our indebtedness in a principal amount in excess of $50 million will constitute a default under the YUM Senior Unsecured Notes unless such indebtedness is discharged, or the acceleration of the maturity of that indebtedness is annulled, within 30 days after notice.	
London Interbank Offered Rate (LIBOR) [Member] | Secured Debt [Member] | Term Loan B Facility [Member]		
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]		
Debt Instrument, Basis Spread on Variable Rate | Rate	2.00%	
Debt Instrument, Basis Spread on Variable Rate, Stepdown | Rate	1.75%	
Base Rate [Member] | Secured Debt [Member] | Term Loan B Facility [Member]		
Annual maturities of short-term borrowings and long-		

term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]	
Debt Instrument, Basis Spread on Variable Rate | Rate	1.00%
Debt Instrument, Basis Spread on Variable Rate, Stepdown | Rate	0.75%
Minimum [Member] | Senior Unsecured Notes [Member] | YUM Senior Unsecured Notes [Member] [Domain]	
Senior Unsecured Notes [Abstract]	
Interest rate, stated (in hundredths) | Rate	3.75%
Minimum [Member] | London Interbank Offered Rate (LIBOR) [Member] | Secured Debt [Member] | Term Loan A Facility and Revolving Facility [Member]	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]	
Debt Instrument, Basis Spread on Variable Rate | Rate	1.25%
Minimum [Member] | Base Rate [Member] | Secured Debt [Member] | Term Loan A Facility and Revolving Facility [Member]	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]	
Debt Instrument, Basis Spread on Variable Rate | Rate	0.25%

Maximum [Member] | Senior Unsecured Notes [Member] | YUM Senior Unsecured Notes [Member] [Domain]	
Senior Unsecured Notes [Abstract]	
Interest rate, stated (in hundredths) | Rate	6.88%
Maximum [Member] | London Interbank Offered Rate (LIBOR) [Member] | Secured Debt [Member] | Term Loan A Facility and Revolving Facility [Member]	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]	
Debt Instrument, Basis Spread on Variable Rate | Rate	1.75%
Maximum [Member] | Base Rate [Member] | Secured Debt [Member] | Term Loan A Facility and Revolving Facility [Member]	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]	
Debt Instrument, Basis Spread on Variable Rate | Rate	0.75%
Total Leverage Ratio [Member] | Secured Debt [Member] | the Credit Agreement [Member]	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]	

Debt Instrument, Covenant Description	require the Borrowers to maintain a total leverage ratio (defined as the ratio of Consolidated Total Debt to Consolidated EBITDA (as these terms are defined in the Credit Agreement)) of 5.0:1 or less
Fixed Charge Coverage Ratio [Member] | Secured Debt [Member] | the Credit Agreement [Member]	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]	
Debt Instrument, Covenant Description	fixed charge coverage ratio (defined as the ratio of EBITDA minus capital expenditures to fixed charges (inclusive of rental expense and scheduled amortization)) of at least 1.5:1
Debt Service Coverage Ratio - Rapid Amortization Events [Member] | Secured Debt [Member] | Securitization Notes [Member]	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]	
Debt Instrument, Covenant Description	debt service coverage ratio (as defined in the Indenture) of at least 1.1:1
Debt Service Coverage Ratio - Cash Trap Reserve Account [Member] | Secured Debt [Member] | Securitization Notes [Member]	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]	
Debt Instrument, Covenant Description	debt service coverage ratio (or the ratio of Net Cash Flow to all debt service payments for the preceding four fiscal quarters) of at least 1.75:1
Debt Instrument, Covenant Compliance	During the quarter ended December 31, 2017, the Securitization Entities maintained a debt service

		coverage ratio significantly in excess of the 1.75:1 requirement		
Line of Credit [Member] | Variable Funding Notes [Member]				
Line of Credit Facility [Abstract]				
Line of credit facility, maximum borrowing capacity	100			
Letter of Credit [Member] | Revolving Facility [Member]				
Line of Credit Facility [Abstract]				
Outstanding letters of credit		$ 4		
Letter of Credit [Member] | Variable Funding Notes [Member]				
Line of Credit Facility [Abstract]				
Line of credit facility, maximum borrowing capacity	$ 50			
Continuing Operations [Member]				
Short-term Borrowings				
Total Short-term Borrowings		375	66	
Long-term Debt				
Long-term debt including hedge accounting adjustment		9,429	9,059	
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]				
Interest Income (Expense), Net		(440)	(305)	(141)
Continuing Operations [Member] | Prepaid Expenses and Other Current Assets [Member]				
Annual maturities of short-term borrowings and long-term debt excluding capital lease obligations and derivative instrument adjustments [Abstract]				

Restricted Cash and Cash Equivalents, Current	$ 60	[4] $ 55	[4] $ 0

[1] Amounts have not been allocated to any segment for performance reporting purposes.

[2] Interest payments commenced approximately six months after issuance date and are payable semi-annually thereafter.

[3] Includes the effects of the amortization of any (1) premium or discount; (2) debt issuance costs; and (3) gain or loss upon settlement of related treasury locks and forward starting interest rate swaps utilized to hedge the interest rate risk prior to debt issuance.

[4] Restricted cash within Prepaid expenses and other current assets reflects the Taco Bell Securitization interest reserves. See Note 11.

Leases (Details) $ in Millions	12 Months Ended Dec. 31, 2017 USD ($) Years	Dec. 31, 2016 USD ($)	Dec. 31, 2015 USD ($)
Leases [Abstract]			
Approximate number of restaurants operated	1,481		
Approximate number of restaurants operated on leased land and/or buildings	900		
Maximum duration of lease commitments from inception for the vast majority of our lease commitments (in years) | Years	20		
Capital leases, future minimum commitments [Abstract]			
2016	$ 13		
2017	13		
2018	12		
2019	11		
2020	11		
Thereafter	76		
Capital leases, total future minimum commitments	136		
Operating leases, future minimum commitments [Abstract]			
2016	124		
2017	111		
2018	87		
2019	75		
2020	67		
Thereafter	435		
Operating leases, total future minimum commitments	899		
Direct financing leases, lease receivables [Abstract]			
2016	5		
2017	4		
2018	4		
2019	3		
2020	3		
Thereafter	24		
Direct financing leases, total lease receivables	43		
Operating leases, lease receivables [Abstract]			
2016	64		
2017	58		
2018	51		
2019	47		
2020	44		
Thereafter	415		
Operating leases, total lease receivables	679		
Present value of minimum payments under capital leases	105	$ 120	
Unearned income associated with direct financing lease receivables	12		

Rental expense			
Minimum	193	208	$ 225
Contingent	21	26	29
Total rental expense	214	234	254
Rental income	$ 86	$ 73	$ 73
Approximate number of units leased or subleased to franchisees	900		

Derivative Instruments (Details) - USD ($) $ in Millions	12 Months Ended Dec. 31, 2017	Dec. 31, 2016
Derivative, Notional Amount	$ 1,550	
Secured Debt [Member] | Term Loan B Facility [Member]		
Long-term Debt	1,975	$ 1,990
Cash Flow Hedging [Member]		
Cash Flow Hedge Gain (Loss) to be Reclassified within Twelve Months	14	
Cash Flow Hedging [Member] | Foreign Exchange Contract [Member]		
Derivative, Notional Amount	456	$ 437
Gain (Loss) on Cash Flow Hedge Ineffectiveness, Net	$ 0	
Cash Flow Hedging [Member] | Interest Rate Swap [Member]		
Derivative, Maturity Date	Jul. 27, 2021	
Derivative, Fixed Interest Rate	3.92%	
Gain (Loss) on Cash Flow Hedge Ineffectiveness, Net	$ 0	
Maximum [Member] | Cash Flow Hedging [Member] | Foreign Exchange Contract [Member]		
Derivative, Maturity Date	Jun. 12, 2020	
Minimum [Member] | Cash Flow Hedging [Member] | Foreign Exchange Contract [Member]		
Derivative, Maturity Date	Feb. 23, 2018	

Derivative Instruments (Details 2) - USD ($) $ in Millions	12 Months Ended		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Derivative Instruments, Gain (Loss) [Line Items]			
Other Comprehensive Income (Loss), Reclassification Adjustment from AOCI on Derivatives, Tax	$ 2	$ 16	$ 0
Cash Flow Hedging [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Other Comprehensive Income (Loss), Unrealized Gain (Loss) on Derivatives Arising During Period, Tax	1	(20)	
Other Comprehensive Income (Loss), Reclassification Adjustment from AOCI on Derivatives, Tax	(3)	4	
Interest Rate Swap [Member] | Cash Flow Hedging [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Derivative Instruments, Gain (Loss) Recognized in Other Comprehensive Income (Loss), Effective Portion, Net	4	47	
Derivative Instruments, Gain (Loss) Reclassified from Accumulated OCI into Income, Effective Portion, Net	2	(4)	
Foreign Exchange Contract [Member] | Cash Flow Hedging [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Derivative Instruments, Gain (Loss) Recognized in Other Comprehensive Income (Loss), Effective Portion, Net	(56)	10	
Derivative Instruments, Gain (Loss) Reclassified from Accumulated OCI into Income, Effective Portion, Net	$ 56	$ (18)	

Fair Value Disclosures (Details) - USD ($) $ in Millions		12 Months Ended		
		Dec. 31, 2017	Dec. 31, 2016	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]				
Fair Value, Assets, Level 1 to Level 2 Transfers, Amount		$ 0	$ 0	
Fair Value, Assets, Level 2 to Level 1 Transfers, Amount		0	0	
Non-recurring basis				
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]				
(Gains) losses recognized from all non-recurring fair value measurements		2	12	
Non-recurring basis | Fair Value, Inputs, Level 3 [Member] | Closures and impairment (income) expenses				
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]				
Total losses related to long-lived assets held for use and measured at fair value on a non-recurring basis	[1]	2	9	
Non-recurring basis | Fair Value, Inputs, Level 2 [Member] | Gain (Loss) on Disposition of Property Plant Equipment [Member]				
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]				
Total losses related to long-lived assets held for use and measured at fair value on a non-recurring basis		0	3	[2]
Accounts Payable and Accrued Liabilities [Member] | Fair Value, Measurements, Recurring [Member] | Fair Value, Inputs, Level 2 [Member] | Interest Rate Swap [Member]				
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]				
Derivative Liability, Fair Value, Gross Liability		0	3	
Other Assets [Member] | Fair Value, Measurements, Recurring [Member] | Fair Value, Inputs, Level 2 [Member] | Foreign Exchange Forward [Member]				
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]				
Derivative Liability, Fair Value, Gross Asset		0	10	
Other Assets [Member] | Fair Value, Measurements, Recurring [Member] | Fair Value, Inputs, Level 2 [Member] | Interest Rate Swap [Member]				
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]				
Derivative Liability, Fair Value, Gross Asset		40	47	
Other Assets [Member] | Fair Value, Measurements, Recurring [Member] | Fair Value, Inputs, Level 1 [Member]				
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]				
Investments, Fair Value Disclosure		29	24	

Other Noncurrent Liabilities [Member] | Fair Value, Measurements, Recurring [Member] | Fair Value, Inputs, Level 2 [Member] | Foreign Exchange Forward [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivative Liability, Fair Value, Gross Liability	46	0
Prepaid Expenses and Other Current Assets [Member] | Fair Value, Measurements, Recurring [Member] | Fair Value, Inputs, Level 2 [Member] | Foreign Exchange Forward [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivative Liability, Fair Value, Gross Asset	5	6
Prepaid Expenses and Other Current Assets [Member] | Fair Value, Measurements, Recurring [Member] | Fair Value, Inputs, Level 2 [Member] | Interest Rate Swap [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivative Liability, Fair Value, Gross Asset	9	0
Unsecured Debt [Member] | Subsidiary Senior Unsecured Notes [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Senior Notes, Noncurrent	2,850	2,100
Unsecured Debt [Member] | Subsidiary Senior Unsecured Notes [Member] | Fair Value, Inputs, Level 2 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Long-term Debt, Fair Value	[3] 2,983	2,175
Unsecured Debt [Member] | YUM Senior Unsecured Notes [Member] [Domain]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Senior Notes, Noncurrent	2,200	2,200
Unsecured Debt [Member] | YUM Senior Unsecured Notes [Member] [Domain] | Fair Value, Inputs, Level 2 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Long-term Debt, Fair Value	[3] 2,277	2,216
Secured Debt [Member] | Securitization Notes [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Senior Notes, Noncurrent	2,271	2,294
Secured Debt [Member] | Securitization Notes [Member] | Fair Value, Inputs, Level 2 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Long-term Debt, Fair Value	[4] 2,367	2,315
Secured Debt [Member] | Term Loan A Facility [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		

Long-term Debt		500	500
Secured Debt [Member] | Term Loan A Facility [Member] | Fair Value, Inputs, Level 2 [Member]			
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]			
Long-term Debt, Fair Value	[3]	503	501
Secured Debt [Member] | Term Loan B Facility [Member]			
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]			
Long-term Debt		1,975	1,990
Secured Debt [Member] | Term Loan B Facility [Member] | Fair Value, Inputs, Level 2 [Member]			
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]			
Long-term Debt, Fair Value	[3]	$ 1,990	$ 2,016

[1] Restaurant-level impairment charges are recorded in Closures and impairment (income) expenses and resulted primarily from our semi-annual impairment evaluation of long-lived assets of individual restaurants that were being operated at the time of impairment and had not been offered for refranchising. The fair value measurements used in these impairment evaluations were based on discounted cash flow estimates using unobservable inputs (Level 3).

[2] During 2016, we made the decision to dispose of a corporate aircraft. The loss associated with this then planned sale reflected the shortfall of the expected proceeds, less any selling costs, over the carrying value of the aircraft. The expected proceeds were based on actual bids received from potential buyers for similar assets (Level 2).

[3] We estimated the fair value of the YUM and Subsidiary Senior Unsecured Notes, Term Loan A Facility, and Term Loan B Facility using market quotes and calculations based on market rates.

[4] We estimated the fair value of the Securitization Notes by obtaining broker quotes from two separate brokerage firms that are knowledgeable about the Company’s Securitization Notes and, at times, trade these notes. The markets in which the Securitization Notes trade are not considered active markets.

Pension, Retiree Medical and Retiree Savings Plans (Details) - USD ($) $ in Millions	12 Months Ended				
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2017	Dec. 31, 2016
Components of net periodic benefit cost:					
Amortization of prior service cost	$ 5.0	$ 5.0			
Amortization of net loss	(5.0)	6.0			
Pension losses in accumulated other comprehensive income (loss):					
Unrealized gains (losses) arising during the year	$ (17.0)	(62.0)	$ 101.0		
Assumed health care cost trend rates [Abstract]					
Year that rate reaches ultimate trend rate	2038				
Effect of one-percentage point change in assumed health care cost trend rates [Abstract]					
Maximum 401(k) participant contribution of eligible compensation	75.00%				
Company match of participant contribution up to 6% of eligible compensation	100.00%				
Maximum company match of participant contribution of eligible compensation	6.00%				
Defined Contribution Plan, Cost	$ 13.0	14.0	13.0		
Pension settlement charges	(20.0)	(33.0)			
Post-retirement Plan [Member]					
Benefit Payments [Abstract]					
2016				$ 5.0	
2017				5.0	
2018				5.0	
2019				5.0	
2020				5.0	
2021 - 2025				17.0	
Amounts recognized as a loss in Accumulated Other Comprehensive Income:					
Actuarial net gain				(8.0)	$ (10.0)
Accumulated benefit obligation				$ 55.0	$ 55.0
Components of net periodic benefit cost:					
Net periodic benefit cost	2.0	3.0	3.0		
Assumed health care cost trend rates [Abstract]					
Assumed health care cost trend rate (in hundredths)				6.30%	6.60%

Ultimate trend rate (in hundredths)				4.50%	
Effect of one-percentage point change in assumed health care cost trend rates [Abstract]					
One percentage-point increase in assumed health care cost trend rates, maximum impact to service and interest cost	0.0				
One percentage-point decrease in assumed health care cost trend rates, maximum impact to service and interest cost	0.0				
One percentage-point increase in assumed health care cost trend rates, maximum impact to post-retirement benefit obligation	0.0				
One percentage-point decrease in assumed health care cost trend rates, maximum impact to post-retirement benefit obligation	0.0				
Foreign Pension Plan [Member]					
Change in benefit obligation					
Benefit obligation at beginning of year	261.0				
Benefit obligation at end of year	287.0	261.0			
Change in plan assets					
Fair value of plan assets at beginning of year	305.0				
Fair value of plan assets at end of year	358.0	305.0			
Plan Assets [Abstract]					
Fair value of plan assets by asset category	358.0	305.0		$ 358.0	$ 305.0
U.S. Pension Plans [Member]					
Defined Benefit Plan Disclosure [Line Items]					
Net Payable For Unsettled Transactions				56.0	19.0
Defined Benefit Plan, Benefit Obligation, Benefits Paid	$ 76.0	26.0			
Defined Benefit Plan, Assets Expected to be Returned to Employer, Description	We do not anticipate any plan assets being returned to the Company during 2018 for any U.S. plans.				
Change in benefit obligation					
Benefit obligation at beginning of year	$ 993.0	1,134.0			
Service cost	10.0	17.0	18.0		
Interest cost	41.0	54.0	55.0		
Plan amendments	2.0	4.0			
Curtailment	(2.0)	(4.0)			
Special termination benefits	2.0	3.0	1.0		
Settlement payments	[1] (73.0)	(260.0)			
Actuarial (gain) loss	115.0	77.0			

Defined Benefit Plan, Plan Assets, Administration Expense	(5.0)	(6.0)			
Benefit obligation at end of year	1,007.0	993.0	1,134.0		
Change in plan assets					
Fair value of plan assets at beginning of year	837.0	1,004.0			
Actual return on plan assets	129.0	87.0			
Employer contributions	52.0	38.0			
Settlement payments	(73.0)	(260.0) [1]			
Defined Benefit Plan, Administrative expenses	(5.0)	(6.0)			
Fair value of plan assets at end of year	864.0	837.0	1,004.0		
Funded status at end of year				(143.0)	(156.0)
Benefit Payments [Abstract]					
2016				65.0	
2017				37.0	
2018				39.0	
2019				42.0	
2020				44.0	
2021 - 2025				257.0	
Amounts recognized in the Consolidated Balance Sheet:					
Accrued benefit liability - current				(8.0)	(16.0)
Accrued benefit liability - non-current				(135.0)	(140.0)
Accrued benefit amounts recognized				(143.0)	(156.0)
Amounts recognized as a loss in Accumulated Other Comprehensive Income:					
Actuarial net gain				(134.0)	(150.0)
Prior service cost				(26.0)	(30.0)
Amounts recognized as a loss in Accumulated Other Comprehensive Income	(180.0)	(180.0)	(170.0)	(160.0)	(180.0)
Accumulated benefit obligation				976.0	960.0
Information for pension plans with an accumulated benefit obligation in excess of plan assets:					
Projected benefit obligation				1,007.0	993.0
Accumulated benefit obligation				976.0	960.0
Fair value of plan assets				864.0	837.0
Information for pension plans with a projected benefit obligation in excess of plan assets:					
Projected benefit obligation				1,007.0	993.0
Accumulated benefit obligation				976.0	960.0

Fair value of plan assets				864.0	$ 837.0
Components of net periodic benefit cost:					
Service cost	10.0	17.0	18.0		
Interest cost	41.0	54.0	55.0		
Amortization of prior service cost	[2] 6.0	6.0	1.0		
Expected return on plan assets	(45.0)	(65.0)	(62.0)		
Amortization of net loss	5.0	6.0	45.0		
Net periodic benefit cost	17.0	18.0	57.0		
Additional loss recognized due to:					
Special termination benefits	2.0	3.0	1.0		
Pension losses in accumulated other comprehensive income (loss):					
Beginning of year	(180.0)	(170.0)			
Unrealized gains (losses) arising during the year	(10.0)	(54.0)			
Other Comprehensive Income (Loss),Defined Benefit Plans, Curtailment Gain (Loss), before Tax	2.0	4.0			
Curtailment gain	19.0	32.0			
Amortization of net loss	5.0	6.0			
Amortization of prior service cost	6.0	6.0			
Prior service cost	(2.0)	(4.0)			
End of year	$ (160.0)	$ (180.0)	$ (170.0)		
Amounts that will be amortized from accumulated other comprehensive loss in next fiscal year [Abstract]					
Estimated net loss that will be amortized from accumulated other comprehensive loss into net periodic pension cost next year				16.0	
Estimated prior service cost that will be amortized from accumulated other comprehensive loss into net periodic pension cost next year				$ 6.0	
Weighted-average assumptions used to determine benefit obligations at the measurement dates:					
Discount rate (in hundredths)				3.90%	4.60%
Rate of compensation increase (in hundredths)				3.75%	3.75%
Weighted-average assumptions used to determine the net periodic benefit cost for fiscal years:					
Discount rate (in hundredths)	4.53%	[3] 4.90%	4.30%		

Long-term rate return on plan assets (in hundredths)	6.06%	[3] 6.75%	6.75%		
Rate of compensation increase (in hundredths)	3.75%	[3] 3.75%	3.75%		
Plan Assets [Abstract]					
Fair value of plan assets by asset category	$ 864.0	$ 1,004.0	$ 1,004.0	$ 864.0	$ 837.0
Value of mutual fund held as an investment that includes YUM stock				0.3	0.3
Approximate percentage of total plan assets in investment that includes YUM stock (in hundredths)	1.00%	1.00%			
Effect of one-percentage point change in assumed health care cost trend rates [Abstract]					
Defined Benefit Plan, Expected Future Employer Contributions, Next Fiscal Year				0.0	
Pension settlement charges	[4] $ (19.0)	$ 32.0	5.0		
Defined Benefit Plan, Plan Assets, Benefits Paid	76.0	26.0			
U.S. Pension Plans [Member] | Fair Value, Inputs, Level 1 [Member] | Cash [Member]					
Change in plan assets					
Fair value of plan assets at beginning of year	2.0				
Fair value of plan assets at end of year	3.0	2.0			
Plan Assets [Abstract]					
Fair value of plan assets by asset category	3.0	2.0		3.0	2.0
U.S. Pension Plans [Member] | Fair Value, Inputs, Level 1 [Member] | Cash Equivalents [Member]					
Change in plan assets					
Fair value of plan assets at beginning of year	[5] 12.0				
Fair value of plan assets at end of year	[5] 12.0	12.0			
Plan Assets [Abstract]					
Fair value of plan assets by asset category	[5] 12.0	12.0		12.0	12.0
U.S. Pension Plans [Member] | Fair Value, Inputs, Level 1 [Member] | Equity Securities - U.S. Large cap [Member]					
Change in plan assets					
Fair value of plan assets at beginning of year	[6] 244.0				
Fair value of plan assets at end of year	[6] 257.0	244.0			
Plan Assets [Abstract]					

Fair value of plan assets by asset category	[6] 257.0	244.0	257.0	244.0
U.S. Pension Plans [Member] | Fair Value, Inputs, Level 1 [Member] | Equity Securities - U.S. Mid cap [Member]				
Change in plan assets				
Fair value of plan assets at beginning of year	[6] 41.0			
Fair value of plan assets at end of year	[6] 43.0	41.0		
Plan Assets [Abstract]				
Fair value of plan assets by asset category	[6] 43.0	41.0	43.0	41.0
U.S. Pension Plans [Member] | Fair Value, Inputs, Level 1 [Member] | Equity Securities - U.S. Small cap [Member]				
Change in plan assets				
Fair value of plan assets at beginning of year	[6] 43.0			
Fair value of plan assets at end of year	[6] 43.0	43.0		
Plan Assets [Abstract]				
Fair value of plan assets by asset category	[6] 43.0	43.0	43.0	43.0
U.S. Pension Plans [Member] | Fair Value, Inputs, Level 1 [Member] | Equity Securities - Non-U.S. [Member]				
Change in plan assets				
Fair value of plan assets at beginning of year	[6] 83.0			
Fair value of plan assets at end of year	[6] 87.0	83.0		
Plan Assets [Abstract]				
Fair value of plan assets by asset category	[6] 87.0	83.0	87.0	83.0
U.S. Pension Plans [Member] | Fair Value, Inputs, Level 1 [Member] | Fixed Income Securities - U.S. Corporate [Member]				
Change in plan assets				
Fair value of plan assets at beginning of year	[6] 172.0			
Fair value of plan assets at end of year	[6] 177.0	172.0		
Plan Assets [Abstract]				
Fair value of plan assets by asset category	[6] 177.0	172.0	177.0	172.0
U.S. Pension Plans [Member] | Fair Value, Inputs, Level 2 [Member] | Fixed Income Securities - U.S. Corporate [Member]				
Change in plan assets				
Fair value of plan assets at beginning of year	[7] 76.0			

Fair value of plan assets at end of year	[7] 86.0	76.0		
Plan Assets [Abstract]				
Fair value of plan assets by asset category	[7] 86.0	76.0	86.0	76.0
U.S. Pension Plans [Member] | Fair Value, Inputs, Level 2 [Member] | Fixed Income Securities - U.S. Government and Government Agencies [Member]				
Change in plan assets				
Fair value of plan assets at beginning of year	[8] 152.0			
Fair value of plan assets at end of year	[8] 177.0	152.0		
Plan Assets [Abstract]				
Fair value of plan assets by asset category	[8] 177.0	152.0	177.0	152.0
U.S. Pension Plans [Member] | Fair Value, Inputs, Level 2 [Member] | Fixed Income Securities - Non-U.S. Government [Member]				
Change in plan assets				
Fair value of plan assets at beginning of year	[8] 31.0			
Fair value of plan assets at end of year	[8] 35.0	31.0		
Plan Assets [Abstract]				
Fair value of plan assets by asset category	[8] 35.0	31.0	35.0	31.0
U.S. Pension Plans [Member] | Amount settled prior to year end [Member]				
Change in plan assets				
Fair value of plan assets at beginning of year	[9] 856.0			
Fair value of plan assets at end of year	[9] 920.0	856.0		
Plan Assets [Abstract]				
Fair value of plan assets by asset category	[9] 920.0	856.0	$ 920.0	$ 856.0
U.S. Pension Plans [Member] | Equity Securities [Member]				
Plan Assets [Abstract]				
Equity securities, target allocation (in hundredths)			50.00%	
U.S. Pension Plans [Member] | Fixed Income Funds [Member]				
Plan Assets [Abstract]				
Equity securities, target allocation (in hundredths)			50.00%	
Other pension (income) expense [Member] | U.S. Pension Plans [Member]				

Defined Benefit Plan Disclosure [Line Items]			
Pension data adjustment	$ 22.0	[10] $ 0.0	$ 0.0

[1] For discussion of the settlement payments made in connection with the deferred vested program in 2016, see Note 5.

[2] Prior service costs are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

[3] Reflects a weighted average due to interim remeasurements in 2017.

[4] Settlement losses result when benefit payments exceed the sum of the service cost and interest cost within a plan during the year. These losses were recorded in Other pension (income) expense.

[5] Short-term investments in money market funds.

[6] Securities held in common trusts.

[7] Investments held directly by the Plan.

[8] Includes securities held in common trusts and investments held directly by the Plan.

[9] 2017 and 2016 exclude net unsettled trade payables of $56 million and $19 million, respectively.

[10] Reflects a non-cash, out-of-year charge related to the adjustment of certain historical deferred vested liability balances in the Plan during the first quarter of 2017 recorded in Other pension (income) expense. See Note 5.

Share-based and Deferred Compensation Plans (Details) $ / shares in Units, shares in Thousands, $ in Millions	3 Months Ended			12 Months Ended		
	Jun. 30, 2017 USD ($)	Mar. 31, 2017 USD ($)	Dec. 31, 2016 USD ($) $ / shares shares	Dec. 31, 2017 USD ($) groups $ / shares shares	Dec. 31, 2016 USD ($) $ / shares shares	Dec. 31, 2015 USD ($) $ / shares shares
Award Valuation						
Risk-free interest rate (in hundredths)				1.90%	1.40%	1.30%
Expected term (years)				6 years 5 months	6 years 5 months	6 years 5 months
Share-based Compensation Arrangement by Share-based Payment Award, Fair Value Assumptions, Expected Volatility Rate				22.90%	27.00%	26.90%
Expected dividend yield (in hundredths)				1.80%	2.60%	2.20%
Number of homogeneous groups appropriate to group awards into when estimating expected term | groups				2		
Summary of award activity - Stock options and SARs, additional disclosures [Abstract]						
Options outstanding at the end of the year (in shares) | shares				943		
SARs outstanding at the end of the year (in shares) | shares				17,342		
Options outstanding at the end of the year, Weighted-average exercise price (in dollars per share) | $ / shares				$ 36.63		
SARs outstanding at the end of the year, Weighted-average exercise price (in dollars per share) | $ / shares				$ 45.30		
Impact on net income [Abstract]						

Employee Service Share-based Compensation, Tax Benefit from Compensation Expense	$ 117	$ 0	$ 0
Cash received from stock options exercises	12	$ 5	$ 12
Employee Service Share-based Compensation, Tax Benefit from Exercise of Stock Options	$ 153		
Stock Options and Stock Appreciation Rights [Member]			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Minimum vesting period of outstanding awards (in years)	P1Y10M0D		
Summary of award activity - Stock options and SARs [Roll Forward]			
Granted (in shares) | shares	2,879		
Exercised (in shares) | shares	(4,269)		
Forfeited or expired (in shares) | shares	(1,567)		
Share-based Compensation Arrangement by Share-based Payment Award, Options, Forfeitures and Expirations in Period, Weighted Average Exercise Price | $ / shares	$ 54.98		
Summary of award activity - Stock options and SARs, additional disclosures [Abstract]			
Granted, Weighted-average exercise price (in dollars per share) | $ / shares	67.93		
Exercised, Weighted-average exercise price (in dollars per share) | $ / shares	$ 36.45		
Share-based Compensation Arrangement by Share-based Payment Award, Options, Outstanding, Intrinsic Value	$ 672		
Exercisable at the end of the year (in shares) | shares	11,971		
Exercisable at the end of the year, Weighted-average exercise price (in dollars per share) | $ / shares	$ 38.07		

Share Based Compensation Arrangement By Share Based Payment Award, Options, Exercisable Weighted Average Remaining Contractual Term		4 years		
Exercisable at the end of the year, Aggregate intrinsic value (in dollars)		$ 521		
Options outstanding at the end of the year (in shares) | shares	21,242	18,285	[1] 21,242	
Options outstanding at the end of the year, Weighted-average exercise price (in dollars per share) | $ / shares	$ 40.78	$ 44.85	$ 40.78	
Share-based Compensation Arrangement by Share-based Payment Award, Options, Outstanding, Weighted Average Remaining Contractual Term		5 years 5 months		
Share-based Compensation Arrangement by Share-based Payment Award, Options, Grants in Period, Weighted Average Grant Date Fair Value | $ / shares		$ 14.08	$ 14.40	$ 15.95
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercises in Period, Intrinsic Value		$ 154	$ 263	$ 153
Unrecognized compensation cost		55		
Restricted Stock Units And Performance Share Units [Member]				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Share-based Compensation Arrangement by Share-based Payment Award, Options, Vested in Period, Fair Value		10	7	11
Summary of award activity - Stock options and SARs, additional disclosures [Abstract]				
Unrecognized compensation cost		$ 20		
Unvested RSUs and PSUs | shares		1,000		

Long Term Incentive Plans [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Number of stock award plans in effect	1
Minimum vesting period of outstanding awards (in years)	immediate
Maximum vesting period of outstanding awards (in years)	5 years
Share-based Compensation Arrangement by Share-based Payment Award, Expiration Period	10 years
Approximate number of shares available for grant (in shares) | shares	28,000
Executive Income Deferral Plan [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Percentage of Company match on amount deferred (in hundredths)	33.00%
Executive Income Deferral Plan [Member] | Restricted Stock Units (RSUs) [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Vesting period (in years)	2 years
Employer Method [Member] | Stock Options and Stock Appreciation Rights [Member]	
Impact on net income [Abstract]	
Award Modification Description	the exercise prices of the awards were modified to maintain the pre-Separation intrinsic value of the awards in relation to the post-Separation stock price of the applicable company
Employer Method [Member] | Restricted Stock Units And Performance Share Units [Member]	

Impact on net income [Abstract]				
Award Modification Description		the number of awards was modified to maintain the pre-Separation intrinsic value of the awards in relation to the post-Separation stock price of the applicable company		
Mark-to-Market of YUM China Funds [Member] | Executive Income Deferral Plan [Member]				
Impact on net income [Abstract]				
General and administrative expenses		$ 18	30	
Continuing Operations [Member]				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Share-based Compensation Expense		65	[2] 80	[3] 46
Employee Service Share-based Compensation, Deferred Tax Benefit from Compensation Expense	[2]	22		
Impact on net income [Abstract]				
Employee Service Share-based Compensation, Tax Benefit from Compensation Expense			26	15
EID compensation expense not share-based		12	5	1
Employee Service Share-based Compensation, Tax Benefit from Exercise of Stock Options			109	62
General and administrative expenses		999	1,129	1,058
Continuing Operations [Member] | Stock Options and Stock Appreciation Rights [Member]				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Share-based Compensation Expense		30	38	41
Share-based Compensation Arrangement by Share-based		33	41	42

Payment Award, Options, Vested in Period, Fair Value						
Continuing Operations [Member] | Performance Share Units [Member]						
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]						
Share-based Compensation Expense				9	4	2
Continuing Operations [Member] | Restricted Stock Units (RSUs) [Member]						
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]						
Share-based Compensation Expense				26	38	$ 3
Unallocated amounts to segment [Member] | Mark-to-Market of YUM China Funds [Member] | Executive Income Deferral Plan [Member]						
Impact on net income [Abstract]						
General and administrative expenses				$ 18	$ 30	
Unallocated amounts to segment [Member] | Continuing Operations [Member]						
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]						
Share-based Compensation Expense	[2] $ 16	$ 2	$ 30			
Restaurant-level Employees [Domain] | Long Term Incentive Plans [Member]						
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]						
Share-based Compensation Arrangement by Share-based Payment Award, Expiration Period				10 years		
Share-based Compensation Arrangement by Share-based				5 years		

Payment Award, Average Exercise Period	
Vesting period (in years)	4 years
Executives [Domain] | Long Term Incentive Plans [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Share-based Compensation Arrangement by Share-based Payment Award, Expiration Period	10 years
Share-based Compensation Arrangement by Share-based Payment Award, Average Exercise Period	6 years 6 months
Vesting period (in years)	4 years
Award Valuation	
Graded vesting schedule of grants made to executives under other stock award plans	25%

[1] Outstanding awards include 943 options and 17,342 SARs with weighted average exercise prices of $36.63 and $45.30, respectively. Outstanding awards represent YUM awards held by employees of both YUM and Yum China.

[2] Includes $18 million due to appreciation in the market price of Yum China's stock. See Note 5.

[3] Includes $30 million due to modifications of awards in connection with the Separation that was not allocated to any of our operating segments for performance purposes. See Note 5.

Shareholders' Equity (Details) - USD ($) shares in Thousands, $ in Millions	12 Months Ended		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Repurchase Of Shares Of Common Stock [Line Items]			
Value of share repurchases with trade dates prior to current reporting date but with settlement dates subsequent to the current reporting date.		$ 45	
Number of shares repurchased with trade dates prior to current reporting date but with settlement dates subsequent to the current reporting date.		700	
Stock Repurchased During Period, Shares	26,561 [1]	67,963 [1]	15,942
Stock Repurchased During Period, Value	$ 1,915 [1]	$ 5,447 [1]	$ 1,200
November 2017 [Domain]			
Repurchase Of Shares Of Common Stock [Line Items]			
Stock Repurchased During Period, Shares	0	0	0
Stock Repurchased During Period, Value	$ 0	$ 0	$ 0
November 2016 [Member]			
Repurchase Of Shares Of Common Stock [Line Items]			
Stock Repurchased During Period, Shares	26,561	1,337	0
Stock Repurchased During Period, Value	$ 1,915	$ 85	$ 0
December 2015 [Member]			
Repurchase Of Shares Of Common Stock [Line Items]			
Stock Repurchased During Period, Shares	0	13,368	932
Stock Repurchased During Period, Value	$ 0	$ 933	$ 67
May 2016 [Member]			
Repurchase Of Shares Of Common Stock [Line Items]			
Stock Repurchased During Period, Shares	0	50,435	0
Stock Repurchased During Period, Value	$ 0	$ 4,200	$ 0
March 2016 [Member]			
Repurchase Of Shares Of Common Stock [Line Items]			
Stock Repurchased During Period, Shares	0	2,823	0
Stock Repurchased During Period, Value	$ 0	$ 229	$ 0
November 2014 [Member]			
Repurchase Of Shares Of Common Stock [Line Items]			
Stock Repurchased During Period, Shares	0	0	13,231
Stock Repurchased During Period, Value	$ 0	$ 0	$ 1,000
November 2013 [Member]			
Repurchase Of Shares Of Common Stock [Line Items]			
Stock Repurchased During Period, Shares	0	0	1,779
Stock Repurchased During Period, Value	$ 0	$ 0	$ 133
November 2017 [Domain]			
Repurchase Of Shares Of Common Stock [Line Items]			

Stock Repurchase Program, Authorized Amount	1,500
Stock Repurchase Program, Remaining Authorized Repurchase Amount	$ 1,500

[1] 2017 amount excludes and 2016 amount includes the effect of $45 million in share repurchases (0.7 million shares) with trade dates prior to December 31, 2016 but settlement dates subsequent to December 31, 2016.

Shareholders' Equity (Details 2) - USD ($) $ in Millions		12 Months Ended		
		Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Accumulated Other Comprehensive Income (Loss) [Line Items]				
OCI, net of tax		$ 187	$ (159)	$ (24)
Defined Benefit Plan, Amortization of Gain (Loss)		(5)	6	
Pension settlement charges		(20)	(33)	
Defined Benefit Plan, Amortization of Prior Service Cost (Credit)		5	5	
Tax (expense) benefit on reclassification of pension and post-retirement losses to net income		18	17	
Translation Adjustment and Gains (Losses) From Intra-Entity Transactions of a Long-Term Nature				
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Accumulated Other Comprehensive Income (Loss), Net of Tax, Beginning Balance		(336)	(125)	
Amounts classified into OCI, net of tax		107	(153)	
Amounts reclassified from accumulated OCI, net of tax	[1]	55	(11)	
OCI, net of tax		162	(164)	
Accumulated Other Comprehensive Income (Loss), Net of Tax, Ending Balance		(174)	(336)	(125)
Pension and Post-Retirement Benefit Plan Losses				
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Accumulated Other Comprehensive Income (Loss), Net of Tax, Beginning Balance		(127)	(113)	
Amounts classified into OCI, net of tax		(13)	(41)	
Amounts reclassified from accumulated OCI, net of tax	[2]	34	27	
OCI, net of tax		21	(14)	
Accumulated Other Comprehensive Income (Loss), Net of Tax, Ending Balance		(106)	(127)	(113)
Net Unrealized Loss on Derivative Instruments				
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Accumulated Other Comprehensive Income (Loss), Net of Tax, Beginning Balance		5	(14)	
Amounts classified into OCI, net of tax		(51)	37	
Amounts reclassified from accumulated OCI, net of tax	[3]	55	(18)	
OCI, net of tax		4	19	
Accumulated Other Comprehensive Income (Loss), Net of Tax, Ending Balance		9	5	(14)
Total				
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Accumulated Other Comprehensive Income (Loss), Net of Tax, Beginning Balance		(458)	(252)	
Amounts classified into OCI, net of tax		43	(157)	
Amounts reclassified from accumulated OCI, net of tax		144	(2)	
OCI, net of tax		187	(159)	
Accumulated Other Comprehensive Income (Loss), Net of Tax, Ending Balance		(271)	(458)	(252)
Discontinued Operations [Member] | Translation Adjustment and Gains (Losses) From Intra-Entity Transactions of a Long-Term Nature				
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Amounts reclassified from accumulated OCI, net of tax			(47)	

Discontinued Operations [Member] | Pension and Post-Retirement Benefit Plan Losses			
Accumulated Other Comprehensive Income (Loss) [Line Items]			
Amounts reclassified from accumulated OCI, net of tax		0	
Discontinued Operations [Member] | Net Unrealized Loss on Derivative Instruments			
Accumulated Other Comprehensive Income (Loss) [Line Items]			
Amounts reclassified from accumulated OCI, net of tax		0	
Discontinued Operations [Member] | Total			
Accumulated Other Comprehensive Income (Loss) [Line Items]			
Amounts reclassified from accumulated OCI, net of tax		(47)	
U.S. Pension Plans [Member]			
Accumulated Other Comprehensive Income (Loss) [Line Items]			
Defined Benefit Plan, Amortization of Gain (Loss)	5	6	45
Pension settlement charges	[4] (19)	32	5
Defined Benefit Plan, Amortization of Prior Service Cost (Credit)	[5] 6	6	1
U.S. Pension Plans [Member] | Other pension (income) expense [Member]			
Accumulated Other Comprehensive Income (Loss) [Line Items]			
Pension data adjustment	$ 22 [6]	$ 0	$ 0

[1] Amounts reclassified from AOCI are due to substantially complete liquidations of foreign entities related to KFC Turkey, Pizza Hut Turkey, Pizza Hut Thailand and Pizza Hut Korea refranchising transactions during 2017 and the Pizza Hut Australia refranchising transaction during 2016.

[2] Amounts reclassified from AOCI for pension and post-retirement benefit plan losses during 2017 include amortization of net losses of $5 million, historical pension data adjustment of $22 million, settlement charges of $20 million, amortization of prior service cost of $5 million and related income tax benefit of $18 million. Amounts reclassified from AOCI for pension and post-retirement benefit plan losses during 2016 include amortization of net losses of $6 million, settlement charges of $33 million, amortization of prior service cost of $5 million and related income tax benefit of $17 million. See Note 15.

[3] See Note 13 for details on amounts reclassified from AOCI.

[4] Settlement losses result when benefit payments exceed the sum of the service cost and interest cost within a plan during the year. These losses were recorded in Other pension (income) expense.

[5] Prior service costs are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

[6] Reflects a non-cash, out-of-year charge related to the adjustment of certain historical deferred vested liability balances in the Plan during the first quarter of 2017 recorded in Other pension (income) expense. See Note 5.

Income Taxes (Details) - USD ($) $ in Millions	12 Months Ended Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Effective income tax rate reconciliation [Abstract]			
Employee Service Share-based Compensation, Tax Benefit from Compensation Expense	$ (117)	$ 0	$ 0
U.S. and foreign income before income taxes [Abstract]			
Income from Continuing Operations Before Income Taxes	2,274	1,345	1,253
Current Year Operations			
Changes in valuation allowance [Roll Forward]			
Valuation Allowance, Change in Amount		(14)	(17)
Changes in Judgement			
Changes in valuation allowance [Roll Forward]			
Valuation Allowance, Change in Amount		(17)	$ (24)
Continuing Operations [Member]			
Valuation Allowance [Line Items]			
Deferred Tax Assets, Net of Valuation Allowance, Current	$ 139	$ 772	
Effective income tax rate reconciliation [Abstract]			
U.S. federal statutory rate (in hundredths)	35.00%	35.00%	35.00%
State income tax, net of federal tax benefit (in hundredths)	0.50%	1.10%	0.90%
Statutory rate differential attributable to foreign operations (in hundredths)	(9.30%)	(10.50%)	(13.70%)
Adjustments to reserves and prior years (in hundredths)	0.50%	(0.80%)	1.00%
Change in valuation allowance (in hundredths)	1.50%	(0.20%)	3.00%
Other, net (in hundredths)	(1.10%)	(0.30%)	(0.10%)
Effective income tax rate (in hundredths)	41.10%	24.30%	26.10%
Employee Service Share-based Compensation, Excess Tax Benefit from Compensation Expense	$ 117		
Employee Service Share-based Compensation, Tax Benefit from Compensation Expense		$ (26)	$ (15)
Effective Income Tax Rate Reconciliation Share Based Compensation	(5.10%)	0.00%	0.00%
Income Tax Expense (Benefit), Continuing Operations, Income Tax Reconciliation [Abstract]			
U.S. federal statutory rate	$ 797	$ 473	$ 438
State income tax, net of federal tax benefit	11	15	12
Statutory rate differential attributable to foreign operations	(212)	(143)	(175)
Adjustments to reserves and prior years	12	(11)	13
Change in valuation allowance	(34)	3	(41)
Other, net	(25)	(4)	(2)
Effective income tax rate	934	327	327
Details of income tax provision (benefit) [Abstract]			
Current: Federal	(2)	126	267
Current: Foreign	290	160	133
Current: State	12	13	28
Total current income tax provision (benefit)	300	299	428

Deferred: Federal	603	19	(116)
Deferred: Foreign	19	3	15
Deferred: State	12	6	0
Total deferred income tax provision (benefit)	634	28	(101)
Effective income tax rate	934	327	327
U.S. and foreign income before income taxes [Abstract]			
U.S.	662	366	480
Foreign	1,612	979	773
Income from Continuing Operations Before Income Taxes	2,274	1,345	1,253
Effective Income Tax Rate Reconciliation, Change in Enacted Tax Rate, Amount	$ 434	$ 0	$ 0
Effective Income Tax Rate Reconciliation, Change in Enacted Tax Rate, Percent	19.10%	0.00%	0.00%

Income Taxes (Details 2) - USD ($) $ in Millions	12 Months Ended		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Reported in Consolidated Balance Sheets as:			
Total Operating and Capital Loss Carryforwards	$ 1,894		
Income (Loss) from Continuing Operations before Income Taxes, Noncontrolling Interest	2,274	$ 1,345	$ 1,253
Tax Credit Carryforward, Valuation Allowance	189		
Foreign [Member]			
Reported in Consolidated Balance Sheets as:			
Total Operating and Capital Loss Carryforwards	516		
State and Local Jurisdiction [Member]			
Reported in Consolidated Balance Sheets as:			
Total Operating and Capital Loss Carryforwards	1,073		
Internal Revenue Service (IRS) [Member]			
Reported in Consolidated Balance Sheets as:			
Total Operating and Capital Loss Carryforwards	305		
Federal, State, Foreign and Local Tax Credits [Member]			
Reported in Consolidated Balance Sheets as:			
Tax Credit Carryforward, Valuation Allowance	434		
Continuing Operations [Member]			
Operating Loss Carryforwards [Line Items]			
Operating Loss Carryforwards	216	172	
Deferred Tax Assets, Capital Loss Carryforwards	4	184	
Net deferred tax assets (liabilities) [Abstract]			
Deferred Tax Assets, Tax Credit Carryforwards, Foreign	311	284	
Employee benefits	94	185	
Share-based compensation	58	100	
Self-insured casualty claims	7	32	
Lease related liabilities	51	65	
Various liabilities	51	56	
Deferred Tax Assets, Property, Plant and Equipment	24	37	
Deferred income and other	31	32	
Gross deferred tax assets	847	1,147	
Deferred tax asset valuation allowances	(421)	(195)	
Net deferred tax assets	426	952	
Intangible assets, including goodwill	(69)	(107)	
Property, plant and equipment	(18)	(46)	
Deferred Tax Liabilities Deemed Repatriation	(170)	0	
Other	(36)	(34)	
Gross deferred tax liabilities	(293)	(187)	
Net deferred tax assets (liabilities)	133	765	
Reported in Consolidated Balance Sheets as:			

Deferred Tax Assets, Net of Valuation Allowance, Current	139	772	
Other liabilities and deferred credits	(6)	(7)	
Net deferred tax assets (liabilities)	133	765	
Income (Loss) from Continuing Operations before Income Taxes, Domestic	662	366	480
Income (Loss) from Continuing Operations before Income Taxes, Foreign	1,612	979	773
Income (Loss) from Continuing Operations before Income Taxes, Noncontrolling Interest	$ 2,274	$ 1,345	$ 1,253

Income Taxes (Details 3) $ in Millions	Dec. 31, 2017 USD ($)
Operating and capital loss carryforwards [Line Items]	
Amount of operating and capital loss carryforwards due to expire in 2016	$ 9
Amount of operating and capital loss carryforwards due to expire between 2017 and 2020	174
Amount of operating and capital loss carryforwards due to expire between 2021 and 2035	1,335
Amount of operating and capital loss carryforwards which may be carried forward indefinitely	376
Total Operating and Capital Loss Carryforwards	1,894
Foreign [Member]	
Operating and capital loss carryforwards [Line Items]	
Amount of operating and capital loss carryforwards due to expire in 2016	9
Amount of operating and capital loss carryforwards due to expire between 2017 and 2020	46
Amount of operating and capital loss carryforwards due to expire between 2021 and 2035	85
Amount of operating and capital loss carryforwards which may be carried forward indefinitely	376
Total Operating and Capital Loss Carryforwards	516
U.S. state [Member]	
Operating and capital loss carryforwards [Line Items]	
Amount of operating and capital loss carryforwards due to expire in 2016	0
Amount of operating and capital loss carryforwards due to expire between 2017 and 2020	61
Amount of operating and capital loss carryforwards due to expire between 2021 and 2035	1,012
Amount of operating and capital loss carryforwards which may be carried forward indefinitely	0
Total Operating and Capital Loss Carryforwards	1,073
U.S. federal [Member]	
Operating and capital loss carryforwards [Line Items]	
Amount of operating and capital loss carryforwards due to expire in 2016	0
Amount of operating and capital loss carryforwards due to expire between 2017 and 2020	67
Amount of operating and capital loss carryforwards due to expire between 2021 and 2035	238
Amount of operating and capital loss carryforwards which may be carried forward indefinitely	0
Total Operating and Capital Loss Carryforwards	$ 305

Income Taxes (Details 4) - USD ($) $ in Millions	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Significant Change in Unrecognized Tax Benefits is Reasonably Possible [Line Items]			
Unrecognized Tax Benefits That Would Not Impact Effective Tax Rate	$ 10	$ 87	
Continuing Operations [Member]			
Significant Change in Unrecognized Tax Benefits is Reasonably Possible [Line Items]			
Unrecognized Tax Benefits	$ 100	$ 91	$ 98

Income Taxes (Details 5) - Continuing Operations [Member] - USD ($) $ in Millions	12 Months Ended		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Income Tax Examination [Line Items]			
Accrued interest and penalties	$ 14	$ 9	
Total interest and penalties recorded during the period	5	4	$ 5
Unrecognized tax benefits reconciliation [Roll Forward]			
Beginning of Year	91	98	
Additions on tax positions related to the current year	3	0	
Additions for tax positions of prior years	8	1	
Reductions for tax positions of prior years	0	(5)	
Reductions for settlements	(1)	(1)	
Reductions due to statute expiration	(1)	(2)	
Foreign currency translation adjustment	0	0	
End of Year	$ 100	$ 91	$ 98

Income Taxes (Details 6) - USD ($) $ in Millions	12 Months Ended Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Tax Act Enactment [Line Items]			
Undistributed Earnings of Foreign Subsidiaries	$ 3,200		
Tax Credit Carryforward, Valuation Allowance	$ 189		
U.S. Federal Tax Rate, prior to 2017 Tax Act [Domain]			
Tax Act Enactment [Line Items]			
U.S. federal statutory rate (in hundredths)	35.00%		
U.S. Federal Tax Rate, updated for 2017 Tax Act [Domain]			
Tax Act Enactment [Line Items]			
U.S. federal statutory rate (in hundredths)	21.00%		
Limit on deductibility of interest expense	30.00%		
Remeasurement of Deferreds [Domain]			
Tax Act Enactment [Line Items]			
Income tax provision	$ 75		
Continuing Operations [Member]			
Tax Act Enactment [Line Items]			
U.S. federal statutory rate (in hundredths)	35.00%	35.00%	35.00%
Deferred Tax Liabilities Deemed Repatriation	$ 170	$ 0	
Income tax provision	934	327	$ 327
Effective Income Tax Rate Reconciliation, Change in Enacted Tax Rate, Amount	$ 434	$ 0	$ 0

Reportable Operating Segments (Details) - USD ($) $ in Millions		3 Months Ended								12 Months Ended			
		Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Feb. 07, 2018
Segment Reporting Information [Line Items]													
Total revenues											$ 6,356	$ 6,418	
Operating Profit										$ 2,761	1,682	1,434	
Other Pension (income) expense	[1]									(47) [2]	(32) [2]	(40)	
Interest expense, net	[1]									(440)	(305)	(141)	
Depreciation and amortization										253	310	319	
Total Assets		$ 5,311				$ 5,453				5,311	5,453		
Long-Lived Assets	[3]	2,319				2,800				2,319	2,800		
Income (Loss) from Continuing Operations before Income Taxes, Noncontrolling Interest										2,274	1,345	1,253	
Investments in unconsolidated affiliates													$ 200
Defined Benefit Plan, Net Periodic Benefit Cost (Credit), Gain (Loss) Due to Settlement										(20)	(33)		
KFC Global Division [Member]													
Segment Reporting Information [Line Items]													
Operating Profit										981	871	835	
Depreciation and amortization										138	172	180	
Capital Spending										176	216	260	
Total Assets	[4]	1,791				2,158				1,791	2,158		
Long-Lived Assets	[3]	1,200				1,537				1,200	1,537		
Pizza Hut Global Division [Member]													
Segment Reporting Information [Line Items]													
Operating Profit										341	367	351	
Depreciation and amortization										26	36	40	
Capital Spending										42	69	54	
Total Assets	[4]	628				639				628	639		
Long-Lived Assets	[3]	310				372				310	372		
Taco Bell Global Division [Member]													
Segment Reporting Information [Line Items]													
Operating Profit										619	595	546	
Depreciation and amortization										82	90	89	
Capital Spending										95	132	116	

Total Assets	[4]	1,086				1,178				1,086	1,178	
Long-Lived Assets	[3]	778				859				778	859	
Unallocated amounts to segment [Member]												
Segment Reporting Information [Line Items]												
Franchise and license fees and income	[1]									(5) [5]	(2) [5]	0
Occupancy and other operating expenses	[1]									(10) [6]	0	0
Franchise and license expenses	[1],[5]									(30)	(24)	(71)
Corporate expenses	[1]									(230) [7]	(280) [7]	(180)
Refranchising gain (loss)	[1]									1,083	163	(23)
Other (income) expense	[1]									(8) [8]	(8) [8]	(24)
Depreciation and amortization										7	12	10
Capital Spending										5	10	12
Total Assets	[4],[9]	1,806				1,478				1,806	1,478	
Long-Lived Assets	[3]	31				32				31	32	
U.S.												
Segment Reporting Information [Line Items]												
Total revenues										2,800	3,100	3,100
Total Assets		3,000				3,100				3,000	3,100	
Continuing Operations [Member]												
Segment Reporting Information [Line Items]												
Total revenues		1,577	$ 1,436	$ 1,448	$ 1,417	1,886	$ 1,518	$ 1,509	$ 1,443	5,878	6,356	6,418
Operating Profit		1,215 [10]	643 [10]	419 [10]	484 [10]	520 [11]	398 [11]	415 [11]	349 [11]	2,761 [10]	1,682 [11]	1,434
Other Pension (income) expense										(47)	(32)	(40)
Franchise and license fees and income		687	$ 565	$ 539	$ 515	648	$ 526	$ 503	$ 490	2,306	2,167	2,082
Occupancy and other operating expenses										2,954	3,489	3,627
Franchise and license expenses										(237)	(201)	(240)
Other (income) expense										(7)	(3)	(20)
Interest expense, net										(440)	(305)	(141)
Depreciation and amortization										253	310	319
Capital Spending										318	427	442
Total Assets		$ 5,311				$ 5,453				5,311	5,453	
Income (Loss) from Continuing Operations before Income Taxes, Noncontrolling Interest										2,274	1,345	1,253
General and administrative expenses										999	1,129	1,058
Loss associated with corporate aircraft										2 [12]	9 [12]	0

Continuing Operations [Member] | KFC Global Division [Member]				
Segment Reporting Information [Line Items]				
Total revenues	[13]	3,110	3,225	3,222
Continuing Operations [Member] | Pizza Hut Global Division [Member]				
Segment Reporting Information [Line Items]				
Total revenues	[13]	893	1,108	1,205
Continuing Operations [Member] | Taco Bell Global Division [Member]				
Segment Reporting Information [Line Items]				
Total revenues	[13]	1,880	2,025	1,991
General and Administrative Expense [Member] | Unallocated amounts to segment [Member]				
Segment Reporting Information [Line Items]				
Restructuring and Related Cost, Incurred Cost		21	61	
Costs associated with PH U.S. Acceleration Agreement		13		
Other Nonoperating Income (Expense) [Member]				
Segment Reporting Information [Line Items]				
Loss associated with corporate aircraft		2	9	
U.S. Pension Plans [Member]				
Segment Reporting Information [Line Items]				
Defined Benefit Plan, Net Periodic Benefit Cost (Credit), Gain (Loss) Due to Settlement	[14]	(19)	32	5
U.S. Pension Plans [Member] | Other pension (income) expense [Member]				
Segment Reporting Information [Line Items]				
Pension data adjustment		22 [15]	0	$ 0
U.S. Pension Plans [Member] | Deferred Vested Project [Member]				
Segment Reporting Information [Line Items]				
Defined Benefit Plan, Net Periodic Benefit Cost (Credit), Gain (Loss) Due to Settlement	[14]	24		
U.S. Pension Plans [Member] | Deferred Vested Project				

[Member] | Other pension (income) expense [Member]			
Segment Reporting Information [Line Items]			
Defined Benefit Plan, Net Periodic Benefit Cost (Credit), Gain (Loss) Due to Settlement	[14]	24	
Executive Income Deferral Plan [Member] | Mark-to-Market of YUM China Funds [Member]			
Segment Reporting Information [Line Items]			
General and administrative expenses		18	30
Executive Income Deferral Plan [Member] | Mark-to-Market of YUM China Funds [Member] | Unallocated amounts to segment [Member]			
Segment Reporting Information [Line Items]			
General and administrative expenses		$ 18	$ 30

[1] Amounts have not been allocated to any segment for performance reporting purposes.

[2] Amounts in 2017 include a non-cash charge of $22 million related to the adjustment of certain historical deferred vested liability balances in our qualified U.S. plan. Amounts in 2016 include a settlement charge of $24 million related to the Company allowing certain former employees with deferred vested balances in the Yum Retirement Plan an opportunity to voluntarily elect early payout of their pension benefits. See Note 5.

[3] Includes PP&E, goodwill, and intangible assets, net.

[4] U.S. identifiable assets included in the combined Corporate and KFC, Pizza Hut and Taco Bell Divisions totaled $3.0 billion and $3.1 billion in 2017 and 2016, respectively.

[5] Represents costs associated with the KFC U.S. Acceleration Agreement and Pizza Hut U.S. Transformation Agreement. See Note 5.

[6] Represents depreciation reductions arising primarily from KFC restaurants that were held-for-sale. See Note 5.

[7] Amounts in 2017 include costs related to YUM's Strategic Transformation Initiatives of $21 million, non-cash charges associated with modifications of share-based compensation awards of $18 million and costs associated with the Pizza Hut U.S. Transformation Agreement of $13 million. Amounts in 2016 included costs related to YUM's Strategic Transformation Initiatives of $61 million and non-cash charges associated with the modifications of share-based compensation awards of $30 million. See Note 5.

[8] Amounts include losses associated with the sale of corporate aircraft related to YUM's Strategic Transformation Initiatives of $2 million and $9 million in 2017 and 2016, respectively. See Note 8.

[9] Primarily includes cash and deferred tax assets.

[10] Includes net gains from refranchising initiatives of $111 million, $19 million, $201 million and $752 million in the first, second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $7 million, $4 million, $4 million and $8 million in the first, second, third and fourth quarters, respectively, costs associated with the Pizza Hut U.S. Transformation Agreement of $12 million, $8 million and $11 million in the second, third and fourth quarters, respectively, costs associated with the KFC U.S. Acceleration Agreement of $3 million, $5 million, $4 million and $5 million in the first, second, third and fourth quarters, respectively and non-cash charges associated with the modification of share-based compensation awards in connection with the Separation of $2 million and $16 million in the first and second quarters, respectively.

[11] Includes net gains from refranchising initiatives of $54 million, $21 million and $88 million in the second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $4 million, $30 million and $33 million in the second, third and fourth quarters, respectively, a non-cash charge primarily associated with the modification of share-based compensation awards in connection with the Separation of $30 million in the fourth quarter and costs associated with KFC U.S. Acceleration Agreement of $9 million, $8 million and $9 million in the first, second and fourth quarters, respectively. See Note 5.

[12] During 2016, we made the decision to no longer operate a corporate aircraft fleet and offered our owned aircraft for sale, one of which was sold during 2016 and one that was sold in 2017. The losses associated with these sales reflect the shortfall of the proceeds, including estimated proceeds in held-for-sale impairment evaluations, less any selling costs, over the carrying value of the aircraft.

[13] U.S. revenues included in the combined KFC, Pizza Hut and Taco Bell Divisions totaled $2.8 billion in 2017, $3.1 billion in 2016 and $3.1 billion in 2015.

[14] Settlement losses result when benefit payments exceed the sum of the service cost and interest cost within a plan during the year. These losses were recorded in Other pension (income) expense.

[15] Reflects a non-cash, out-of-year charge related to the adjustment of certain historical deferred vested liability balances in the Plan during the first quarter of 2017 recorded in Other pension (income) expense. See Note 5.

Contingencies (Details) $ in Millions	12 Months Ended Dec. 31, 2017 USD ($)
Guarantor Obligations [Line Items]	
Guarantor Exposure as percent of outstanding loans	20.00%
Property Lease Guarantee [Member]	
Guarantor Obligations [Line Items]	
Year longest lease expires	2065
Potential amount of undiscounted payments we could be required to make in the event of non-payment	$ 600
Present value of potential payments we could be required to make in the event of non-payment	$ 500

Contingencies (Details 2) $ in Millions	Dec. 31, 2017 USD ($)
Franchise Lending Program Guarantees	
Loss Contingencies [Line Items]	
Loss contingency, amount of guarantee	$ 43
Total loans outstanding	31
Guarantee of Indebtedness of Others	
Loss Contingencies [Line Items]	
Loss contingency, amount of guarantee	10
Guarantee of Indebtedness of Others | Franchise Loan Pool Guarantees [Member]	
Loss Contingencies [Line Items]	
Loss contingency, amount of guarantee	3
Total loans outstanding	$ 15

Contingencies (Details 3) - USD ($) $ in Millions	12 Months Ended	
	Dec. 31, 2017	Dec. 31, 2016
Self Insured Property And Casualty Reserves [Member]		
Valuation and Qualifying Accounts Disclosure [Line Items]		
Beginning balance	$ 98	$ 102
Liability for Unpaid Claims and Claims Adjustment Expense, Period Increase (Decrease)	27	42
Payments	(41)	(46)
Ending balance	84	$ 98
Guarantee of Indebtedness of Others		
Valuation and Qualifying Accounts Disclosure [Line Items]		
Loss contingency, amount of guarantee	$ 10	

Selected Quarterly Financial Data (Unaudited) (Details) - USD ($) $ / shares in Units, $ in Millions	3 Months Ended								12 Months Ended		
	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Fiscal Period Adjustment [Line Items]											
Refranchising (gain) loss	$ (752)	$ (201)	$ (19)	$ (111)	$ (88)	$ (21)	$ (54)		$ (1,083)	$ (163)	$ 23
Defined Benefit Plan, Net Periodic Benefit Cost (Credit), Gain (Loss) Due to Settlement									(20)	(33)	
Asset Impairment Charges									4	17	17
Revenues											
Total revenues										6,356	6,418
Operating Profit									2,761	1,682	1,434
Income from continuing operations										1,018	926
Income from discontinued operations										625	357
Net Income (loss) - YUM! Brands, Inc.					$ 303	$ 640	$ 336	$ 364	$ 1,340	$ 1,643	$ 1,283
Basic Earnings Per Common Share (in dollars per share)					$ 0.83	$ 1.65	$ 0.82	$ 0.88	$ 3.86	$ 4.17	$ 2.95
Diluted Earnings Per Common Share (in dollars per share)					0.82	1.62	0.81	0.87	3.77	4.10	2.90
Dividends Declared Per Common Share (in dollars per share)	$ 0.30	$ 0	$ 0.30	$ 0.30	$ 0.30	$ 0.51	$ 0.46	$ 0.46	$ 0.90	$ 1.73	$ 1.74
Unallocated amounts to segment [Member]											
Revenues											
Franchise and license fees and income [1]									$ (5) [2]	$ (2) [2]	$ 0
Discontinued Operations [Member]											
Fiscal Period Adjustment [Line Items]											
Refranchising (gain) loss										(12) [3]	(13)
Revenues											
Company sales										5,667 [3]	6,789
Franchise and license fees and income										109 [3]	120
Income from discontinued operations					$ (5)	$ 422	$ 70	$ 138	0	$ 625 [3]	$ 357
Basic Earnings Per Common Share (in dollars per share)					$ (0.01)	$ 1.09	$ 0.17	$ 0.33		$ 1.59	$ 0.82

Diluted Earnings Per Common Share (in dollars per share)					$ (0.01)	$ 1.07	$ 0.17	$ 0.33		$ 1.56	$ 0.81
Continuing Operations [Member]											
Fiscal Period Adjustment [Line Items]											
Refranchising (gain) loss									(1,083)	$ (163)	$ 23
Share-based Compensation Expense									65 [4]	80 [5]	46
Revenues											
Company sales	$ 890	$ 871	$ 909	$ 902	$ 1,238	$ 992	$ 1,006	$ 953	3,572	4,189	4,336
Franchise and license fees and income	687	565	539	515	648	526	503	490	2,306	2,167	2,082
Total revenues	1,577	1,436	1,448	1,417	1,886	1,518	1,509	1,443	5,878	6,356	6,418
Restaurant Profit	159	154	161	144	224	161	167	148	618	700	
Operating Profit	1,215 [6]	643 [6]	419 [6]	484 [6]	520 [7]	398 [7]	415 [7]	349 [7]	2,761 [6]	1,682 [7]	1,434
Income from continuing operations	$ 436	$ 418	$ 206	$ 280	$ 308	$ 218	$ 266	$ 226	$ 1,340	$ 1,018	$ 926
Basic Earnings Per Common Share (in dollars per share)	$ 1.29	$ 1.21	$ 0.59	$ 0.78	$ 0.84	$ 0.56	$ 0.65	$ 0.55	$ 3.86	$ 2.58	$ 2.13
Diluted Earnings Per Common Share (in dollars per share)	$ 1.26	$ 1.18	$ 0.58	$ 0.77	$ 0.83	$ 0.55	$ 0.64	$ 0.54	$ 3.77	$ 2.54	$ 2.09
Continuing Operations [Member] | Unallocated amounts to segment [Member]											
Fiscal Period Adjustment [Line Items]											
Share-based Compensation Expense [4]			$ 16	$ 2	$ 30						
Continuing Operations [Member] | Corporate and Other [Member]											
Revenues											
Total revenues [1]									$ (5) [2]	$ (2) [2]	$ 0
General and Administrative Expense [Member] | Unallocated amounts to segment [Member]											
Fiscal Period Adjustment [Line Items]											
Restructuring and Related Cost, Incurred Cost									21	61	
Costs associated with PH U.S. Acceleration Agreement									13		
General and Administrative Expense [Member] |											

Corporate and Other [Member]											
Fiscal Period Adjustment [Line Items]											
Restructuring and Related Cost, Incurred Cost	$ 8	$ 4	4	7	33	$ 30	$ 4		23	67	
Franchise and license expenses [Member] | Unallocated and General and administrative expenses [Domain]											
Fiscal Period Adjustment [Line Items]											
Costs associated with PH U.S. Acceleration Agreement	11	8	12						31		
Costs associated with KFC U.S. Acceleration Agreement	$ 5	$ 4	$ 5	$ 3	$ 9		$ 8	$ 9	$ 17	$ 26	$ 72

[1] Amounts have not been allocated to any segment for performance reporting purposes.

[2] Represents costs associated with the KFC U.S. Acceleration Agreement and Pizza Hut U.S. Transformation Agreement. See Note 5.

[3] Includes Yum China financial results from January 1, 2016 to October 31, 2016.

[4] Includes $18 million due to appreciation in the market price of Yum China's stock. See Note 5.

[5] Includes $30 million due to modifications of awards in connection with the Separation that was not allocated to any of our operating segments for performance purposes. See Note 5.

[6] Includes net gains from refranchising initiatives of $111 million, $19 million, $201 million and $752 million in the first, second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $7 million, $4 million, $4 million and $8 million in the first, second, third and fourth quarters, respectively, costs associated with the Pizza Hut U.S. Transformation Agreement of $12 million, $8 million and $11 million in the second, third and fourth quarters, respectively, costs associated with the KFC U.S. Acceleration Agreement of $3 million, $5 million, $4 million and $5 million in the first, second, third and fourth quarters, respectively and non-cash charges associated with the modification of share-based compensation awards in connection with the Separation of $2 million and $16 million in the first and second quarters, respectively.

[7] Includes net gains from refranchising initiatives of $54 million, $21 million and $88 million in the second, third and fourth quarters, respectively, costs associated with YUM's Strategic Transformation Initiatives of $4 million, $30 million and $33 million in the second, third and fourth quarters, respectively, a non-cash charge primarily associated with the modification of share-based compensation awards in connection with the Separation of $30 million in the fourth quarter and costs associated with KFC U.S. Acceleration Agreement of $9 million, $8 million and $9 million in the first, second and fourth quarters, respectively. See Note 5.

Note 22. Subsequent Events Subsequent Events (Details) shares in Millions, $ in Millions	Feb. 07, 2018 USD ($) shares
Subsequent Event [Line Items]	
Investments in unconsolidated affiliates | $	$ 200
Investment Owned, Balance, Shares | shares	2.8