

A great culture starts with great people!

As we approach our 10th anniversary as a company, we want our shareholders to know that over 1,000,000 Customer Maniacs around the globe have made a commitment — together as one system, company and franchise alike — to building an operating culture that revolves solely around our passion for serving customers. We have a vision for greatness that is founded on our belief in building the capability of our people first and driven by our desire to achieve dynasty-like performance. We're proud of the fact that our Customer Mania mindset and behavior is coming to life in every aspect of our business, from recruiting and training to our operations. Our goal is to make sure that every customer experiences the type of branded service for which our brands want to be famous.

As Customer Maniacs we are committed to executing the basics — CHAMPS — our core program for training, measuring and rewarding employee performance against key customer metrics. We know that when we're running great restaurants and are 100% focused on satisfying our customers, we're driving consistent performance year after year. And we won't be satisfied until we have 100% CHAMPS execution and Same Store Sales Growth in every restaurant! Turn the page to meet some of the best Customer Maniacs from around the world who are putting smiles on customers' faces and are consistently executing the basics with a daily intensity that is driving the business.



Peter Hearl
Chief Operating and Development
Officer, Yum! Brands

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Cleanliness

Make it shine! That's what KFC RGM Manish Patel tells his team. "I take personal accountability for keeping the restaurant clean and bright for my customers," he says. He uses the company's "Cleaning Captain" program and that person spends the first two hours of each day keeping his restaurant sparkling. That dedication is paying off too! In 2006, Manish was named KFC's RGM of the Year for his strong CHAMPS scores and his solid sales growth!

Manish Patel, KFC
Aurora, Illinois

Hospitality

Letting the customer know that they come first. That's how LJS/A&W RGM Kris Jaccard defines hospitality. And that's how she and her team practice it, too. It pays off. Her CHAMPS scores averaged around 90% in 2006. "We have fun," Kris says, "and I think when the team is happy, the customers are happy. It shows." Kris has been keeping the customer top of mind for 15 years with franchisee BNC Food Group. Hers is designated a "training restaurant," and she is also a Training Coach.

Kris Jaccard, LJS/A&W
Austin, Texas

Accuracy

Accuracy for this outstanding RGM means serving delicious food the right way every time, and that's just what the team at KFC RGM Liu Bing Zhi's restaurant does regularly. "The key focus is putting a smile on our customers' faces and making sure their orders are correct," he says. "We treat our customers like old friends because they are most important to us." In-store surveys help the team stay focused on their customers' needs and keep their CHAMPS scores in the 90% plus range—while growing sales!

Liu Bing Zhi, KFC
Beijing, China

Maintenance

Displaying a high-energy attitude, Pizza Hut RGM Don Bryant keeps his eye on all parts of the business—and making sure customers don't have a bad experience because something isn't working right is very important. This 20-year veteran and his team drove sales up 25% last year, making his restaurant number one in sales and profits for all of franchisee RAGE's restaurants. Add to that an overall CHAMPS score of 95% and a CHAMPS Excellence Review of 99.5% and you can see that Don is a true Customer Maniac.

Don Bryant, Pizza Hut
Middlesboro, Kentucky

Product Quality

Perfect tacos every time. That's what Taco Bell company RGM of the Year Ramona Urena delivers in her restaurant. "We weigh every item and follow all of Taco Bell's procedures," she says. Ramona has been with Taco Bell for 14 years and she knows that customers expect their orders to be perfect and the quality of the product to be as high as possible. She and her team deliver both. "They're not coming in just because the value is right," she says. "That may be a consideration, but they're coming in because they know they'll get great food." Customers must be well satisfied at Ramona's restaurant because she and her team drove her overall CHAMPS scores to 97% in 2006.

Ramona Urena, Taco Bell
Oceanside, New York

Speed with Service

Things move fast in the five restaurants that Mejid Mamdouh oversees in Paris—so much so that one of them is the highest grossing KFC restaurant in the world! But Mejid always stays calm in the storm of activity. This veteran started as a crew member in 1993 and his outstanding coaching skills and CHAMPS performance over the years demonstrate that he is a unique leader. Big businesses are built on people like Mejid. And this Customer Maniac has one simple credo: put people capability first, then satisfied customers and profitability will follow!

Mejid Mamdouh, KFC
Paris, France



Global Facts

great results!



Consistency of Performance, Global Growth, and Cash Generation. In 2006, Yum! further built upon its track record in these three important areas. In 2006, EPS grew 14%, the fifth straight year we exceeded our target of double-digit growth. Our track record for global growth continued as we opened nearly 1,200 new international restaurants, exceeding the 1,000 milestone for the sixth consecutive year. Over the past three years, Yum! has added more restaurants outside the U.S. than any other company — more than McDonald's and more than Starbucks. In 2006, we also generated a lot of cash. In fact, Yum! again generated over \$1 billion that we returned to shareholders through share buybacks and dividends. We will strive to make consistent financial performance, strong global growth, and impressive cash generation key trademarks for Yum! while we “Go for Greatness Around the Globe.” **Rick Carucci, Chief Financial Officer, Yum! Brands, Inc.**

WORLDWIDE SALES

(in billions)	2006	2005	2004	2003	2002	5-Year Growth ^(a)
UNITED STATES						
KFC						
Company sales	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	—
Franchisee sales ^(b)	3.9	3.8	3.6	3.5	3.4	4%
PH						
Company sales	\$ 1.4	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.5	(1%)
Franchisee sales ^(b)	3.8	3.7	3.6	3.5	3.6	1%
TACO BELL						
Company sales	\$ 1.8	\$ 1.8	\$ 1.7	\$ 1.6	\$ 1.6	5%
Franchisee sales ^(b)	4.5	4.4	4.0	3.8	3.6	5%
LONG JOHN SILVER'S ^(c)						
Company sales	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.3	NM
Franchisee sales ^(b)	0.4	0.3	0.3	0.3	0.2	NM
A&W ^(c)						
Company sales	\$ —	\$ —	\$ —	\$ —	\$ —	NM
Franchisee sales ^(b)	0.2	0.2	0.2	0.2	0.2	NM
TOTAL U.S.						
Company sales	\$ 5.0	\$ 5.3	\$ 5.2	\$ 5.1	\$ 4.8	1%
Franchisee sales ^(b)	12.8	12.4	11.7	11.3	11.0	3%
INTERNATIONAL						
KFC						
Company sales	\$ 1.1	\$ 1.1	\$ 1.0	\$ 0.9	\$ 0.9	8%
Franchisee sales ^(b)	5.7	5.2	4.7	4.1	3.6	10%
PIZZA HUT						
Company sales	\$ 0.7	\$ 0.6	\$ 0.7	\$ 0.5	\$ 0.5	7%
Franchisee sales ^(b)	3.1	3.0	2.6	2.4	2.2	9%
TACO BELL						
Company sales	\$ —	\$ —	\$ —	\$ —	\$ —	NM
Franchisee sales ^(b)	0.2	0.2	0.2	0.1	0.2	16%
LONG JOHN SILVER'S ^(c)						
Company sales	—	—	—	—	—	NM
Franchisee sales ^(b)	—	—	—	—	—	NM
A&W ^(c)						
Company sales	—	—	—	—	—	NM
Franchisee sales ^(b)	0.1	0.1	0.1	0.1	—	NM
TOTAL INTERNATIONAL						
Company sales	\$ 1.8	\$ 1.7	\$ 1.7	\$ 1.4	\$ 1.4	7%
Franchisee sales ^(b)	9.1	8.5	7.6	6.7	6.0	10%
CHINA						
KFC						
Company sales	\$ 1.3	\$ 1.0	\$ 0.9	\$ 0.8	\$ 0.6	20%
Franchisee sales ^(b)	0.8	0.7	0.6	0.5	0.3	22%
PIZZA HUT						
Company sales	\$ 0.3	\$ 0.2	\$ 0.2	\$ 0.1	\$ 0.1	NM
Franchisee sales ^(b)	—	—	—	—	—	NM
TOTAL CHINA						
Company sales	\$ 1.6	\$ 1.2	\$ 1.1	\$ 0.9	\$ 0.7	23%
Franchisee sales ^(b)	0.8	0.7	0.6	0.5	0.3	21%
TOTAL WORLDWIDE						
Company sales	\$ 8.4	\$ 8.2	\$ 8.0	\$ 7.4	\$ 6.9	5%
Franchisee sales ^(b)	22.7	21.6	19.9	18.5	17.3	6%

(a) Compounded annual growth rate; totals for U.S., International and Worldwide exclude the impact of Long John Silver's and A&W.

(b) Franchisee sales represents the combined estimated sales of unconsolidated affiliate and franchise and license restaurants. Franchisee sales, which are not included in our Company sales, generate franchise and license fees (typically at rates between 4% and 6%) that are included in our revenues.

(c) Beginning May 7, 2002, includes Long John Silver's and A&W, which were added when we acquired Yorkshire Global Restaurants, Inc.

WORLDWIDE SYSTEM UNITS

Year-end	2006	2005	% B/(W) Change
Company	7,736	7,587	2%
Unconsolidated affiliates	1,206	1,648	(27%)
Franchisees	23,516	22,666	4%
Licensees	2,137	2,376	(10%)
Total	34,595	34,277	1%

Year-end	2006	2005	2004	2003	2002	5-Year Growth ^{(a)(b)}
UNITED STATES						
KFC	5,394	5,443	5,525	5,524	5,472	–
Pizza Hut	7,532	7,566	7,500	7,523	7,599	–
Taco Bell	5,608	5,845	5,900	5,989	6,165	(3%)
Long John Silver's	1,121	1,169	1,200	1,204	1,221	NM
A&W	406	449	485	576	665	NM
Total U.S. ^(c)	20,061	20,472	20,610	20,822	21,126	(1%)
INTERNATIONAL						
KFC	6,606	6,307	6,084	5,944	5,698	4%
Pizza Hut	4,788	4,701	4,528	4,357	4,249	3%
Taco Bell	236	243	237	247	261	–
Long John Silver's	35	34	34	31	28	NM
A&W	238	229	210	183	182	NM
Total International	11,903	11,514	11,093	10,762	10,418	3%
CHINA						
KFC	2,258	1,981	1,657	1,410	1,192	19%
Pizza Hut	365	305	246	204	182	20%
Taco Bell	2	2	1	1	–	NM
A&W	–	–	–	–	6	NM
Total China ^(d)	2,631	2,291	1,905	1,615	1,380	19%
Total ^{(c)(d)}	34,595	34,277	33,608	33,199	32,924	1%

(a) Compounded annual growth rate; total U.S., International and Worldwide excludes the impact of Long John Silver's and A&W.

(b) Compounded annual growth rate excludes the impact of transferring 30 units from Taco Bell U.S. to Taco Bell International in 2002.

(c) Includes 6 and 4 Yan Can units in 2003 and 2002, respectively.

(d) Includes 6 units, 3 units and 1 unit in 2006, 2005 and 2004, respectively, for an Asian food concept in China.

BREAKDOWN OF WORLDWIDE SYSTEM UNITS

Year-end 2006	Company	Unconsolidated Affiliate	Franchised	Licensed	Total
UNITED STATES					
KFC	1,023	–	4,287	84	5,394
Pizza Hut	1,453	–	4,757	1,322	7,532
Taco Bell	1,267	–	3,803	538	5,608
Long John Silver's	460	–	661	–	1,121
A&W	9	–	397	–	406
Total U.S.	4,212	–	13,905	1,944	20,061
INTERNATIONAL					
KFC	750	354	5,446	56	6,606
Pizza Hut	1,011	207	3,476	94	4,788
Taco Bell	–	–	194	42	236
Long John Silver's	1	–	33	1	35
A&W	–	–	238	–	238
Total International	1,762	561	9,387	193	11,903
CHINA					
KFC	1,414	645	199	–	2,258
Pizza Hut	340	–	25	–	365
Taco Bell	2	–	–	–	2
Total China ^(a)	1,762	645	224	–	2,631
Total ^(a)	7,736	1,206	23,516	2,137	34,595

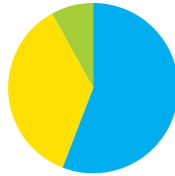
(a) Includes 6 units in 2006 for an Asian food concept in China.

Yum! Brands at-a-glance

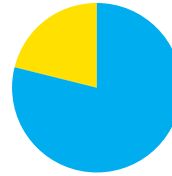
U.S. SALES BY BRAND

BY DAYPART

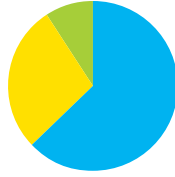
BY DISTRIBUTION CHANNEL



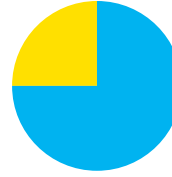
● Dinner 56% ● Lunch 36%
● Snacks/Breakfast 8%



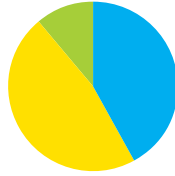
● Dine Out 79%
● Dine In 21%



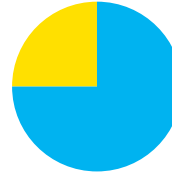
● Dinner 63% ● Lunch 28%
● Snacks/Breakfast 9%



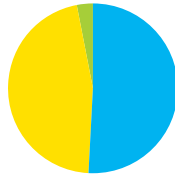
● Dine Out 75%
● Dine In 25%



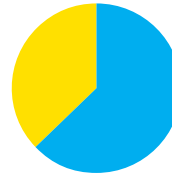
● Dinner 42% ● Lunch 47%
● Snacks/Breakfast 11%



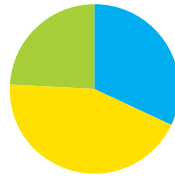
● Dine Out 75%
● Dine In 25%



● Dinner 51% ● Lunch 46%
● Snacks/Breakfast 3%



● Dine Out 63%
● Dine In 37%



● Dinner 32% ● Lunch 44%
● Snacks/Breakfast 24%



● Dine Out 52%
● Dine In 48%

Source: The NPD Group, Inc.; NPD Foodworld; CREST

WORLDWIDE UNITS

2006 (in thousands)

