YUM BRANDS INC
Form DEF 14A
March 20, 2015

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

þ Filed by the Registrant

o Filed by a Party other than the Registrant

Check the appropriate box:

o Preliminary Proxy Statement

o CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

þ Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

YUM! BRANDS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ **No fee required.**

o **Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.**

(1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4) Proposed maximum aggregate value of transaction:
(5) Total fee paid:

o **Fee paid previously with preliminary materials.**

o **Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.**

(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

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YUM! Brands, Inc.
1441 Gardiner Lane
Louisville, Kentucky 40213

March 20, 2015

Dear Fellow Shareholders:

On behalf of your Board of Directors, we are pleased to invite you to attend the 2015 Annual Meeting of Shareholders of YUM! Brands, Inc. The Annual Meeting will be held Friday, May 1, 2015, at 9:00 a.m., local time, in the YUM! Conference Center at 1900 Colonel Sanders Lane in Louisville, Kentucky.

Once again, we encourage you to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their shareholders over the Internet. We believe that this e-proxy process expedites shareholders' receipt of proxy materials, lowers the costs of delivery and helps reduce the Company's environmental impact.

Your vote is important. We encourage you to vote promptly whether or not you plan to attend the meeting. You may vote your shares via a toll-free telephone number or over the Internet. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding the three methods of voting are contained on the notice or proxy card.

If you plan to attend the meeting, please bring your notice, admission ticket from your proxy card or proof of your ownership of YUM common stock as of March 3, 2015 as well as a valid picture identification. Whether or not you attend the meeting, we encourage you to consider the matters presented in the proxy statement and vote as soon as possible.

Sincerely,

David C. Novak	**Greg Creed**
Executive Chairman	Chief Executive Officer

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to Be Held on May 1, 2015 this notice and the proxy statement are available at *www.yum.com/investors/investor_materials.asp.* **The Annual Report on Form 10-K is available at** *www.yum.com/annualreport.*

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YUM! Brands, Inc.
1441 Gardiner Lane
Louisville, Kentucky 40213

Notice of Annual Meeting of Shareholders

Friday, May 1, 2015 9:00 a.m.

YUM! Conference Center, 1900 Colonel Sanders Lane, Louisville, Kentucky 40213

ITEMS OF BUSINESS:

(1) To elect twelve (12) directors to serve until the 2016 Annual Meeting of Shareholders and until their respective successors are duly elected and qualified.

(2) To ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 26, 2015.

(3) To consider and hold an advisory vote on executive compensation.

(4) To consider and vote on one (1) shareholder proposal, if properly presented at the meeting.

(5) To transact such other business as may properly come before the meeting.

WHO CAN VOTE:

You can vote if you were a shareholder of record as of the close of business on March 3, 2015.

ANNUAL REPORT:

A copy of our 2014 Annual Report on Form 10-K is included with this proxy statement.

WEBSITE:

You may also read the Company's Annual Report and this Notice and proxy statement on our website at *www.yum.com/annualreport and www.yum.com/investors/investor_materials.asp.*

DATE OF MAILING:

This Notice, the proxy statement and the form of proxy are first being mailed to shareholders on or about March 20, 2015.

By Order of the Board of Directors

Christian L. Campbell
Secretary

YOUR VOTE IS IMPORTANT

Under securities exchange rules, brokers cannot vote on your behalf for the election of directors or on executive compensation related matters without your instructions. Whether or not you plan to attend the Annual Meeting, please provide your proxy by following the instructions on your Notice or proxy card. On or about March 20, 2015, we mailed to our shareholders a Notice containing instructions on how to access the proxy statement and our Annual Report and vote online.

If you received a Notice by mail, you will not receive a printed copy of the proxy materials in the mail, unless you request a copy. Instead, you should follow the instructions included in the Notice on how to access and review the proxy statement and Annual Report. The Notice also instructs you on how you may submit your vote by proxy over the Internet.

If you received the proxy statement and Annual Report in the mail, please submit your proxy by marking, dating and signing the proxy card included and returning it promptly in the envelope enclosed. If you are able to attend the Annual Meeting and wish to vote your shares personally, you may do so at any time before the proxy is exercised.

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YUM! Brands, Inc.
1441 Gardiner Lane
Louisville, Kentucky 40213

PROXY STATEMENT

For Annual Meeting of Shareholders To Be Held On

May 1, 2015

The Board of Directors (the "Board of Directors" or the "Board") of YUM! Brands, Inc., a North Carolina corporation ("YUM" or the "Company"), solicits the enclosed proxy for use at the Annual Meeting of Shareholders of the Company to be held at 9:00 a.m. (Eastern Daylight Saving Time), on Friday, May 1, 2015, in the YUM! Conference Center, at 1900 Colonel Sanders Lane, Louisville, Kentucky. This proxy statement contains information about the matters to be voted on at the Annual Meeting and the voting process, as well as information about our directors and most highly paid executive officers.

QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

What is the purpose of the Annual Meeting?

At our Annual Meeting, shareholders will vote on several important Company matters. In addition, our management will report on the Company's performance over the last fiscal year and, following the meeting, respond to questions from shareholders.

Why am I receiving these materials?

You received these materials because our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. As a shareholder, you are invited to attend the Annual Meeting and are entitled to vote on the items of business described in this proxy statement.

Why did I receive a one-page Notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?

As permitted by Securities and Exchange Commission ("SEC") rules, we are making this proxy statement and our Annual Report available to our shareholders electronically via the Internet. On or about March 20, 2015, we mailed to our shareholders a Notice containing instructions on how to access this proxy statement and our Annual Report and vote online. If you received a Notice by mail you will not receive a printed copy of the proxy materials in the mail, unless you request a copy. The Notice instructs you on how to access and review all of the important information contained in the proxy statement and Annual Report. The Notice also instructs you on how you may submit your proxy over the Internet. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials contained on the Notice.

We encourage you to take advantage of the availability of the proxy materials on the Internet in order to help lower the costs of delivery and reduce the Company's environmental impact.

Who may attend the Annual Meeting?

The Annual Meeting is open to all shareholders of record as of close of business on March 3, 2015, or their duly appointed proxies. Seating is limited and admission is on a first-come, first-served basis.

What do I need to bring to attend the Annual Meeting?

You will need a valid picture identification and either an admission ticket or proof of ownership of YUM's common stock to enter the Annual Meeting. If you are a registered owner, your Notice will be your admission ticket.

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QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

If you received the proxy statement and Annual Report by mail, you will find an admission ticket attached to the proxy card sent to you. If you plan to attend the Annual Meeting, please so indicate when you vote and bring the ticket with you to the Annual Meeting. If your shares are held in the name of a bank or broker, you will need to bring your legal proxy from your bank or broker and your admission ticket. If you do not bring your admission ticket, you will need proof of ownership to be admitted to the Annual Meeting. A recent brokerage statement or letter from a bank or broker is an example of proof of ownership. If you arrive at the Annual Meeting without an admission ticket, we will admit you only if we are able to verify that you are a YUM shareholder. Your admittance to the Annual Meeting will depend upon availability of seating. All shareholders will be required to present valid picture identification prior to admittance. IF YOU DO NOT HAVE A VALID PICTURE IDENTIFICATION AND EITHER AN ADMISSION TICKET OR PROOF THAT YOU OWN YUM COMMON STOCK, YOU MAY NOT BE ADMITTED INTO THE ANNUAL MEETING.

Please note that computers, cameras, sound or video recording equipment, cellular and smart phones, tablets and other similar devices, large bags, briefcases and packages will not be allowed in the meeting room.

May shareholders ask questions?

Yes. Representatives of the Company will answer shareholders' questions of general interest following the Annual Meeting. In order to give a greater number of shareholders an opportunity to ask questions, individuals or groups will be allowed to ask only one question and no repetitive or follow-up questions will be permitted.

Who may vote?

You may vote if you owned YUM common stock as of the close of business on the record date, March 3, 2015. Each share of YUM common stock is entitled to one vote. As of March 3, 2015, YUM had 433,394,412 shares of common stock outstanding.

What am I voting on?

You will be voting on the following four (4) items of business at the Annual Meeting:

- The election of twelve (12) directors to serve until the next Annual Meeting of Shareholders and until their respective successors are duly elected and qualified;
- The ratification of the selection of KPMG LLP as our independent auditors for the fiscal year ending December 26, 2015;
- An advisory vote on executive compensation; and
- One (1) shareholder proposal.

We will also consider other business that properly comes before the meeting.

How does the Board of Directors recommend that I vote?

Our Board of Directors recommends that you vote your shares:

- **FOR** each of the nominees named in this proxy statement for election to the Board;
- **FOR** the ratification of the selection of KPMG LLP as our independent auditors;
- **FOR** the proposal regarding an advisory vote on executive compensation; and

AGAINST the shareholder proposal.

How do I vote before the Annual Meeting?

There are three ways to vote before the meeting:

By Internet If you have Internet access, we encourage you to vote on *www.proxyvote.com* by following instructions on the Notice or proxy card;

By telephone by making a toll-free telephone call from the U.S. or Canada to 1(800) 690-6903 (if you have any questions about how to vote over the phone, call 1(888) 298-6986); or

By mail If you received your proxy materials by mail, you can vote by completing, signing and returning the enclosed proxy card in the postage-paid envelope provided.

If you are a participant in the Direct Stock Purchase Plan, the administrator of this program, as the shareholder of record, may only vote the shares for which it has received directions to vote from you.

If you are a participant in the YUM! Brands 401(k) Plan ("401(k) Plan"), the trustee of the 401(k) Plan will only vote the shares for which it has received directions to vote from you.

Proxies submitted through the Internet or by telephone as described above must be received by 11:59 p.m., Eastern Daylight Saving Time, on April 30, 2015. Proxies submitted by mail must be received prior to the meeting. Directions submitted by 401(k) Plan participants must be received by 12:00 p.m., Eastern Daylight Saving Time, on April 29, 2015.

Also, if you hold your shares in the name of a bank or broker, your ability to vote by telephone or the Internet depends on their voting processes. Please follow the directions on your notice carefully. A number of brokerage firms and banks participate in a program provided through Broadridge Financial Solutions, Inc. ("Broadridge") that offers telephone and Internet voting options. If your shares are held in an account with a brokerage firm or bank participating in the Broadridge program, you may vote those shares telephonically by calling the telephone number shown on the voting instruction form received from your brokerage firm or bank, or through the Internet at Broadridge's voting website *(www.proxyvote.com)*. Votes submitted through the Internet or by telephone through the Broadridge program must be received by 11:59 p.m., Eastern Daylight Saving Time, on April 30, 2015.

Can I vote at the Annual Meeting?

Shares registered directly in your name as the shareholder of record may be voted in person at the Annual Meeting. Shares held in street name may be voted in person only if you obtain a legal proxy from the broker or nominee that holds your shares giving you the right to vote the shares.

Even if you plan to attend the Annual Meeting, we encourage you to vote your shares by proxy. You may still vote your shares in person at the meeting even if you have previously voted by proxy.

Can I change my mind after I vote?

You may change your vote at any time before the polls close at the Annual Meeting. You may do this by:

- Signing another proxy card with a later date and returning it to us prior to the Annual Meeting;
- Voting again by telephone or through the Internet prior to 11:59 p.m., Eastern Daylight Saving Time, on April 30, 2015;
- Giving written notice to the Secretary of the Company prior to the Annual Meeting; or
- Voting again at the Annual Meeting.

Your attendance at the Annual Meeting will not have the effect of revoking a proxy unless you notify our Corporate Secretary in writing before the polls close that you wish to revoke a previous proxy.

Who will count the votes?

Representatives of American Stock Transfer and Trust Company, LLC will count the votes and will serve as the independent inspector of election.

What if I return my proxy card but do not provide voting instructions?

If you vote by proxy card, your shares will be voted as you instruct by the individuals named on the proxy card. If you sign and return a proxy card but do not specify how your shares are to be voted, the persons named as proxies on the proxy card will vote your shares in accordance with the recommendations of the Board. These recommendations are:

FOR the election of the twelve (12) nominees for director named in this proxy statement (Item 1);

FOR the ratification of the selection of KPMG LLP as our independent auditors for the fiscal year 2015 (Item 2);

FOR the proposal regarding an advisory vote on executive compensation (Item 3); and

AGAINST the shareholder proposal (Item 4).

What does it mean if I receive more than one proxy card?

It means that you have multiple accounts with brokers and/or our transfer agent. Please vote all of these shares. We recommend that you contact your broker and/or our transfer agent to consolidate as many accounts as possible under the same name and address. Our transfer agent is American Stock Transfer and Trust Company, LLC, which may be reached at 1(888) 439-4986.

QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

Will my shares be voted if I do not provide my proxy?

Your shares may be voted if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority under the New York Stock Exchange rules to vote shares for which their customers do not provide voting instructions on certain "routine" matters.

The proposal to ratify the selection of KPMG LLP as our independent auditors for fiscal year 2015 is considered a routine matter for which brokerage firms may vote shares for which they have not received voting instructions. The other proposals to be voted on at our Annual Meeting are not considered "routine" under applicable rules. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a "broker non-vote."

How many votes must be present to hold the Annual Meeting?

Your shares are counted as present at the Annual Meeting if you attend the Annual Meeting in person or if you properly return a proxy by Internet, telephone or mail. In order for us to conduct our Annual Meeting, a majority of the outstanding shares of YUM common stock, as of March 3, 2015, must be present in person or represented by proxy at the Annual Meeting. This is referred to as a quorum. Abstentions and broker non-votes will be counted for purposes of establishing a quorum at the Annual Meeting.

How many votes are needed to elect directors?

You may vote "FOR" each nominee or "AGAINST" each nominee, or "ABSTAIN" from voting on one or more nominees. Unless you mark "AGAINST" or "ABSTAIN" with respect to a particular nominee or nominees or for all nominees, your proxy will be voted "FOR" each of the director nominees named in this proxy statement. In an uncontested election, a nominee will be elected as a director if the number of "FOR" votes exceeds the number of "AGAINST" votes. Abstentions will be counted as present but not voted. Abstentions and broker non-votes will not affect the outcome of the vote on directors. Full details of the Company's majority voting policy are set out in our Corporate Governance Principles at *www.yum.com/investors/governance/principles.asp* and at page 7 under "What other significant Board practices does the Company have? Majority Voting Policy."

How many votes are needed to approve the other proposals?

The other proposals must receive the "FOR" vote of a majority of the shares, present in person or represented by proxy, and entitled to vote at the Annual Meeting. For each of these items, you may vote "FOR", "AGAINST" or "ABSTAIN." Abstentions will be counted as shares present and entitled to vote at the Annual Meeting. Accordingly, abstentions will have the same effect as a vote "AGAINST" the proposals. Broker non-votes will not be counted as shares present and entitled to vote with respect to the particular matter on which the broker has not voted. Thus, broker non-votes will not affect the outcome of any of these proposals.

When will the Company announce the voting results?

The Company will announce the voting results of the Annual Meeting on a Current Report on Form 8-K filed within four business days of the Annual Meeting.

What if other matters are presented for consideration at the Annual Meeting?

As of the date of this proxy statement, our management knows of no matters that will be presented for consideration at the Annual Meeting other than those matters discussed in this proxy statement. If any other matters properly come before the Annual Meeting and call for a vote of shareholders, validly executed proxies in the enclosed form returned to us will be voted in accordance with the recommendation of the Board of Directors or, in the absence of such a recommendation, in accordance with the judgment of the proxy holders.

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GOVERNANCE OF THE COMPANY

The business and affairs of YUM are managed under the direction of the Board of Directors. The Board believes that good corporate governance is a critical factor in achieving business success and in fulfilling the Board's responsibilities to shareholders. The Board believes that its practices align management and shareholder interests.

The corporate governance section of the Company website makes available the Company's corporate governance materials, including the Corporate Governance Principles (the "Principles"), the Company's Articles of Incorporation and By-Laws, the charters for each Board committee, the Company's Worldwide Code of Conduct, the Company's Political Contributions and U.S. Government Advocacy Policy, and information about how to report concerns about the Company. To access these documents on the Company's website, *www.yum.com*, click on "Investors" and then "Corporate Governance".

Highlights of our corporate governance practices are described below.

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GOVERNANCE OF THE COMPANY

What is the composition of the Board of Directors and how often are members elected?

Our Board of Directors presently consists of 13 directors whose terms expire at this Annual Meeting. Ms. Hill will be retiring and is not standing for re-election at the Annual Meeting.

As discussed in more detail later in this section, the Board has determined that 8 of the 12 current directors standing for re-election are independent under the rules of the New York Stock Exchange ("NYSE"). Michael Cavanagh will become independent on May 15, 2015. See page 9 regarding discussion of Mr. Cavanagh becoming independent.

How often did the Board meet in fiscal 2014?

The Board of Directors met 6 times during fiscal 2014. Each director attended at least 75% of the meetings of the Board and the committees of which he or she was a member and that were held during the period he or she served as a director.

What is the Board's policy regarding director attendance at the Annual Meeting of Shareholders?

The Board of Director's policy is that all directors should attend the Annual Meeting and all 12 directors on the Board during the 2014 Annual Meeting were in attendance.

How does the Board select nominees for the Board?

The Nominating and Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and shareholders. The Committee's charter provides that it may retain a third-party executive search firm to identify candidates from time to time.

In accordance with the Principles, our Board seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated and are selected based upon contributions they can make to the Board and management. The Committee's assessment of a proposed candidate will include a review of the person's judgment, experience, independence, understanding of the Company's business or other related industries and such other factors as the Nominating and Governance Committee determines are relevant in light of the needs of the Board of Directors. The Committee believes that its nominees should reflect a diversity of experience, gender, race, ethnicity and age. The Board does not have a specific policy regarding director diversity. The Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees, if any. In connection with this evaluation, it is expected that each Committee member will interview the prospective nominee in person or by telephone before the prospective nominee is presented to the full Board for consideration. After completing this evaluation and interview process, the Committee will make a recommendation to the full Board as to the person(s) who should be nominated by the Board, and the Board determines the nominee(s) after considering the recommendation and report of the Committee.

We believe that each of our directors has met the guidelines set forth in the Governance Principles. As noted in the director biographies that follow this section, our directors have experience, qualifications and skills across a wide range of public and private companies, possessing a broad spectrum of experience both individually and collectively.

Elane B. Stock was appointed to the Board effective November 20, 2014. She is standing for election to the Board by our shareholders for the first time. The full Board is recommending her election as a director.

For a shareholder to submit a candidate for consideration by the Nominating and Governance Committee, a shareholder must notify YUM's Corporate Secretary. To make a director nomination at the 2016 Annual Meeting, a shareholder must notify YUM's Secretary no later than February 1, 2016. Notices should be sent to: Corporate Secretary, YUM! Brands, Inc., 1441 Gardiner Lane, Louisville, Kentucky 40213. The nomination must contain the information described on page 67.

What is the Board's leadership structure?

The Company's Principles provide that the CEO may serve as Chairman of the Board. These Principles also provide for an independent Lead Director. Our Board believes that Board independence and oversight of management are

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effectively maintained through a strong independent Lead Director and through the Board's composition, committee system and policy of having regular executive sessions of non-employee directors, all of which are discussed below this section.

The Nominating and Governance Committee reviews the Board's leadership structure annually together with an evaluation of the performance and effectiveness of the Board of Directors. The Board retains the authority to modify its Board leadership structure to address our Company's circumstances and advance the best interests of the Company and its stockholders as and when appropriate. The Board's annual self-evaluation includes questions regarding the Board's opportunities for open communication and effectiveness of executive sessions.

David Novak served as Chairman of the Board and CEO of the Company until January 1, 2015. As discussed in more detail in last year's Proxy Statement, the Board believed that combining these positions served the best interests of the Company.

Effective January 1, 2015, the Board appointed Greg Creed as CEO to succeed Mr. Novak. Contemporaneous with this appointment, the Board appointed Mr. Novak Executive Chairman. Under this structure, Mr. Creed is responsible for leading the Company's strategies, organization design, people development and culture and for providing the day-to-day leadership over operations, while Mr. Novak is responsible for supporting the CEO on corporate strategy, innovative business and brand building ideas along with leadership development. As Executive Chairman, Mr. Novak also takes leadership working with our Lead Director in setting the agenda for meetings of the Board and presides over Board meetings. The Board believes that, given the proven leadership capabilities, breadth of industry experience and business success of both Mr. Creed and Mr. Novak as well as taking into consideration that Mr. Creed is new to the CEO role, the Company is best served at this point in time with a leadership structure that separates the roles of CEO and Chairman of the Board.

The Board created a new position of Lead Director in August 2012, after its annual review which included engaging in dialogue and receiving input from a number of major shareholders. The Lead Director position is structured so that one independent Board member is empowered with sufficient authority to ensure independent oversight of the Company and its management. The Lead Director position has no term limit and is subject only to annual approval by the independent members of the Board. The Board has appointed Thomas Ryan to serve as the Lead Director, and has concluded that Mr. Ryan, who also chairs the Nominating and Governance Committee, has provided effective oversight in this role. In addition, to assure effective independent oversight, the Board has adopted a number of governance practices discussed below.

What are the Company's governance policies and ethical guidelines?

Board Committee Charters. The Audit, Management Planning and Development and Nominating and Governance Committees of the YUM Board of Directors operate pursuant to written charters. These charters were approved by the Board of Directors and reflect certain best practices in corporate governance. These charters comply with the requirements of the NYSE. Each charter is available on the Company's website at *www.yum.com/investors/governance/charters.asp.*

Corporate Governance Principles. The Board of Directors has documented its corporate governance guidelines in the YUM! Brands, Inc. Corporate Governance Principles. These guidelines as amended are available on the Company's website at *www.yum.com/investors/governance/principles.asp.*

Ethical Guidelines. YUM's Worldwide Code of Conduct was adopted to emphasize the Company's commitment to the highest standards of business conduct. The Code of Conduct also sets forth information and procedures for employees to report ethical or accounting concerns, misconduct or violations of the Code of Conduct in a confidential manner. The Code of Conduct applies to the Board of Directors and all employees of the Company, including the principal executive officer, the principal financial officer and the principal accounting officer. Our directors and the senior-most employees in the Company are required to regularly complete a conflicts of interest questionnaire and certify in writing that they have read and understand the Code of Conduct. The Code of Conduct is available on the Company's website at www.yum.com/investors/governance/conduct.asp. The Company intends to post amendments to or waivers from its Code (to the extent applicable to the Board of Directors or executive officers) on this website.

What other significant Board practices does the Company have?

Private Executive Sessions. Our non-management directors meet in executive session at each regular Board meeting. The executive sessions are attended only by the non-management directors and are presided over by the Lead Director. Our independent directors meet in executive session at least once per year.

Role of Lead Director. Our corporate governance guidelines require the election, by the independent

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directors, of a Lead Director. The Lead Director position is structured so that one independent Board member is empowered with sufficient authority to ensure independent oversight of the Company and its management. The Lead Director position has no term limit and is subject only to annual approval by the independent members of the Board. Based upon the recommendation of the Nominating and Governance Committee, the Board has determined that the Lead Director is responsible for:

(a) Presiding at all executive sessions of the Board and any other meeting of the Board at which the Chairman is not present, and advising the Chairman and CEO of any decisions reached or suggestions made at any executive session,

(b) Approving in advance agendas and schedules for Board meetings and the information that is provided to directors,

(c) If requested by major shareholders, being available for consultations and direct communication,

(d) Serving as a liaison between the Chairman and the independent directors, and

(e) Calling special meetings of the independent directors.

Advance Materials. Information and data important to the directors' understanding of the business or matters to be considered at a Board or Board Committee meeting are, to the extent practical, distributed to the directors sufficiently in advance of the meeting to allow careful review prior to the meeting.

Board and Committees' Evaluations. The Board has an annual self-evaluation process that is led by the Nominating and Governance Committee. This assessment focuses on the Board's contribution to the Company and emphasizes those areas in which the Board believes a better contribution could be made. In addition, the Audit, Management Planning and Development and Nominating and Governance Committees also each conduct similar annual self-evaluations.

Majority Voting Policy. Our Articles of Incorporation require majority voting for the election of directors in uncontested elections. This means that director nominees in an uncontested election for directors must receive a number of votes "for" his or her election in excess of the number of votes "against." The Company's Corporate Governance Principles further provide that any incumbent director who does not receive a majority of "for" votes will promptly tender to the Board his or her resignation from the Board. The resignation will specify that it is effective upon the Board's acceptance of the resignation. The Board will, through a process managed by the Nominating and Governance Committee and excluding the nominee in question, accept or reject the resignation within 90 days after the Board receives the resignation. If the Board rejects the resignation, the reason for the Board's decision will be publicly disclosed.

What access do the Board and Board committees have to management and to outside advisors?

Access to Management and Employees. Directors have full and unrestricted access to the management and employees of the Company. Additionally, key members of management attend Board meetings to present information about the results, plans and operations of the business within their areas of responsibility.

Access to Outside Advisors. The Board and its committees may retain counsel or consultants without obtaining the approval of any officer of the Company in advance or otherwise. The Audit Committee has the sole authority to retain and terminate the independent auditor. The Nominating and Governance Committee has the sole authority to retain search firms to be used to identify director candidates. The Management Planning and Development Committee has the sole authority to retain compensation consultants for advice on executive compensation matters.

What is the Board's role in risk oversight?

The Board maintains overall responsibility for overseeing the Company's risk management, including succession planning. In furtherance of its responsibility, the Board has delegated specific risk-related responsibilities to the Audit Committee and to the Management Planning and Development Committee. The Audit Committee engages in substantive discussions of risk management at its regular committee meetings held during the year. At these meetings, it receives functional risk review reports covering significant areas of risk from senior managers responsible for these functional areas, as well as receiving reports from the Company's Chief Auditor and the General Counsel. Our Chief Auditor reports directly to the Chairman of the Audit Committee and our Chief Financial Officer. The Audit Committee also receives reports at each meeting regarding legal and regulatory risks from management and meets in separate executive sessions with our independent auditors and our Chief Auditor. The Audit Committee provides a summary to the full Board at each regular Board meeting of the risk area reviewed together with any other risk related subjects discussed at the Audit Committee meeting. In addition, our Management Planning and Development

Committee considers the risks that may be implicated by our compensation programs through a risk assessment conducted by management and reports its conclusions to the full Board.

Has the Company conducted a risk assessment of its compensation policies and practices?

As stated in the Compensation Discussion and Analysis at page 28, the philosophy of our compensation programs is to reward performance by designing pay programs that incorporate team and individual performance, customer satisfaction and shareholder return; emphasize long-term incentives; drive ownership mentality; and require executives to personally invest in Company stock.

In early 2015, the Management Planning and Development Committee (the "Committee") oversaw the risk assessment of our compensation programs for all employees to determine whether they encourage unnecessary or excessive risk taking. In conducting this review, each of our compensation practices and programs was reviewed against the key risks facing the Company in the conduct of its business. Based on this review, the Committee concluded our compensation policies and practices do not encourage our employees to take unnecessary or excessive risks.

As part of this assessment, the Committee concluded the following policies and practices of the Company's cash and equity incentive programs serve to reduce the likelihood of excessive risk taking:

- Our compensation system is balanced, rewarding both short term and long term performance
- Long term Company performance is emphasized. The majority of incentive compensation for the top level employees is associated with the long term performance of the Company
- Strong stock ownership guidelines are enforced for approximately 400 senior employees
- The annual incentive and performance share plans both have caps on the level of performance over which no additional rewards are paid
- The annual incentive target setting process is closely linked to the annual financial planning process and supports the Company's overall strategic plan, which is reviewed and approved by the Board
- Compensation performance measures set for each division are transparent and tied to multiple measurable factors, none of which exceed a 50% weighting. The measures are drivers of returns and are transparent to shareholders
- The capital allocation process is driven by strategic objectives, aligned with Division annual operating plans and requires capital expenditure approval, ensuring alignment with development and return requirements
- The financial performance which determines employee awards is closely monitored by and certified to the Audit Committee and the full Board
- The Company has implemented a robust recoupment (clawback) policy

How does the Board determine which directors are considered independent?

The Company's Principles, adopted by the Board, require that we meet the listing standards of the NYSE. The full text of the Principles can be found on the Company's website *(www.yum.com/investors/governance/principles.asp).*

Pursuant to the Principles, the Board undertook its annual review of director independence. During this review, the Board considered transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries and affiliates. As provided in the Principles, the purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent.

As a result of this review, the Board affirmatively determined that all of the directors are independent of the Company and its management under NYSE rules, with the exception of David C. Novak, Greg Creed, Jing-Shyh S. Su and Michael J. Cavanagh. Messrs. Novak, Creed and Su are not considered independent directors because of their employment by the Company. Under NYSE rules, Mr. Cavanagh cannot be considered independent until May 15, 2015 because Mr. Novak formerly served on the Compensation Committee of JPMorgan Chase & Co., where Mr. Cavanagh was an executive officer.

In determining that the other directors did not have a material relationship with the Company, the Board determined that Messrs. Dorman, Ferragamo, Linen, Nelson, Ryan and Walter and Mses. Graddick-Weir and Hill had no other relationship with the Company other than their relationship as a director. The Board did note as discussed in the next paragraph that Kimberly-Clark Corporation, which employs Ms. Stock, has a business relationship with the Company; however, as noted below, the Board determined that this relationship was not material to the director or Kimberly-Clark Corporation.

Elane B. Stock is the Group President of Kimberly-Clark International, a division of Kimberly Clark Corporation. During 2014, the Company paid Kimberly-Clark Corporation approximately $2.6 million for paper products used in the normal course of business in some of its restaurants. The Board determined that these payments did not create a material relationship between the Company and Ms. Stock or the Company and Kimberly-Clark Corporation as the payments represent less than one-tenth of 1% of Kimberly-Clark Corporation's revenues. The Board determined that this relationship was not material to Ms. Stock or Kimberly-Clark Corporation.

How do shareholders communicate with the Board?

Shareholders and other parties interested in communicating directly with individual directors, the non-management directors as a group or the entire Board may do so by writing to the Nominating and Governance Committee, c/o Corporate Secretary, YUM! Brands, Inc., 1441 Gardiner Lane, Louisville, Kentucky 40213. The Nominating and Governance Committee of the Board has approved a process for handling letters received by the Company and addressed to individual directors, non-management members of the Board or the Board. Under that process, the Corporate Secretary of the Company reviews all such correspondence and regularly forwards to a designated individual member of the Nominating and Governance Committee copies of all such correspondence (although we do not forward commercial correspondence and correspondence duplicative in nature; however, we will retain duplicate correspondence and all duplicate correspondence will be available for directors' review upon their request) and a summary of all such correspondence. The designated director of the Nominating and Governance Committee will forward correspondence directed to individual directors as he or she deems appropriate. Directors may at any time review a log of all correspondence received by the Company that is addressed to members of the Board and request copies of any such correspondence. Written correspondence from shareholders relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Company's Audit Committee Chair and to the internal audit department and handled in accordance with procedures established by the Audit Committee with respect to such matters (described below). Correspondence from shareholders relating to Management Planning and Development Committee matters are referred to the Chair of the Management Planning and Development Committee.

What are the Company's policies on reporting of concerns regarding accounting?

The Audit Committee has established policies on reporting concerns regarding accounting and other matters in addition to our policy on communicating with our non-management directors. Any person, whether or not an employee, who has a concern about the conduct of the Company or any of our people, with respect to accounting, internal accounting controls or auditing matters, may, in a confidential or anonymous manner, communicate that concern to our General Counsel, Christian Campbell. If any person believes that he or she should communicate with our Audit Committee Chair, Thomas C. Nelson, he or she may do so by writing him at c/o YUM! Brands, Inc., 1441 Gardiner Lane, Louisville, KY 40213. In addition, a person who has such a concern about the conduct of the Company or any of our employees may discuss that concern on a confidential or anonymous basis by contacting The Network at 1 (800) 241-5689. The Network is our designated external contact for these issues and is authorized to contact the appropriate members of management and/or the Board of Directors with respect to all concerns it receives. The full text of our Policy on Reporting of Concerns Regarding Accounting and Other Matters is available on our website at *www.yum.com/investors/governance/complaint.asp.*

What are the Committees of the Board?

The Board of Directors has standing Audit, Management Planning and Development, Nominating and Governance and Executive/Finance Committees.

Name of Committee and Members	Functions of the Committee	Number of Meetings in Fiscal 2014
Audit: Thomas C. Nelson, *Chair* Mirian M. Graddick-Weir Bonnie G. Hill Jonathan S. Linen Elane B. Stock*	Possesses sole authority regarding the selection and retention of independent auditors Reviews and has oversight over the Company's internal audit function Reviews and approves the cost and scope of audit and non-audit services provided by the independent auditors Reviews the independence, qualification and performance of the independent auditors Reviews the adequacy of the Company's internal systems of accounting and financial control Reviews the annual audited financial statements and results of the audit with management and the independent auditors Reviews the Company's accounting and financial reporting principles and practices including any significant changes Advises the Board with respect to Company policies and procedures regarding compliance with applicable laws and regulations and the Company's Worldwide Code of Conduct and Policy on Conflicts of Interest	9

	Discusses with management the Company's policies with respect to risk assessment and risk management. Further detail about the role of the Audit Committee in risk assessment and risk management is included in the section entitled "What is the Board's role in risk oversight?" set forth on page 8.	

The Board of Directors has determined that all of the members of the Audit Committee are independent within the meaning of applicable SEC regulations and the listing standards of the NYSE and that Mr. Nelson, the chair of the Committee, is qualified as an audit committee financial expert within the meaning of SEC regulations. The Board has also determined that Mr. Nelson has accounting and related financial management expertise within the meaning of the listing standards of the NYSE and that each member is financially literate within the meaning of the listing standards of the NYSE.

*Elane B. Stock became an Audit Committee member effective January 22, 2015.

Name of Committee and Members	Functions of the Committee	Number of Meetings in Fiscal 2014
Management Planning and Development: Robert D. Walter, *Chair* David W. Dorman Massimo Ferragamo Thomas M. Ryan	Oversees the Company's executive compensation plans and programs and reviews and recommends changes to these plans and programs	4
	Monitors the performance of the chief executive officer and other senior executives in light of corporate goals set by the Committee	
	Reviews and approves the compensation of the chief executive officer and other senior executive officers	
	Reviews management succession planning	

The Board has determined that all of the members of the Management Planning and Development Committee are independent within the meaning of the listing standards of the NYSE.

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GOVERNANCE OF THE COMPANY

Name of Committee and Members	Functions of the Committee	Number of Meetings in Fiscal 2014
Nominating and Governance: Thomas M. Ryan, *Chair* David W. Dorman Massimo Ferragamo Robert D. Walter	Identifies and proposes to the Board suitable candidates for Board membership Advises the Board on matters of corporate governance Reviews and reassesses from time to time the adequacy of the Company's Corporate Governance Principles Receives comments from all directors and reports annually to the Board with assessment of the Board's performance Prepares and supervises the Board's annual review of director independence	3

The Board has determined that all of the members of the Nominating and Governance Committee are independent within the meaning of the listing standards of the NYSE.

Name of Committee and Members	Functions of the Committee	Number of Meetings in Fiscal 2014
Executive/Finance: David C. Novak, *Chair* Thomas C. Nelson Thomas M. Ryan Robert D. Walter	Exercises all of the powers of the Board in the management of the business and affairs of the Company consistent with applicable law while the Board is not in session	

How are directors compensated?

Employee Directors. Employee directors do not receive additional compensation for serving on the Board of Directors.

Non-Employee Directors Annual Compensation. The annual compensation for each director who is not an employee of YUM is discussed under "Director Compensation" beginning on page 61.

What are the Company's policies and procedures with respect to related person transactions?

The Board of Directors has adopted policies and procedures for the review of related person transactions. Under these policies and procedures, the Nominating and Governance Committee reviews related person transactions in which we are or will be a participant to determine if they are in the best interests of our shareholders and the Company. Transactions, arrangements, or relationships or any series of similar transactions, arrangements or relationships in which a related person had or will have a material interest and that exceed $100,000 are subject to the Committee's review. Any member of the Nominating and Governance Committee who is a related person with respect to a transaction under review may not participate in the deliberation or vote respecting approval or ratification of the transaction.

Related persons are directors, director nominees, executive officers, holders of 5% or more of our voting stock and their immediate family members. Immediate family members are spouses, parents, stepparents, children, stepchildren, siblings, daughters-in-law, sons-in-law and any person, other than a tenant or domestic employee, who resides in the household of a director, director nominee, executive officer or holder of 5% or more of our voting stock.

After its review, the Nominating and Governance Committee may approve or ratify the transaction. The policies and procedures provide that certain transactions are deemed to be pre-approved even if they will exceed $100,000. These transactions include employment of executive officers, director compensation, and transactions with other companies if the aggregate amount of the transaction does not exceed the greater of $1 million or 2% of that company's total revenues and the related person is not an executive officer of the other company.

Does the Company require stock ownership by directors?

Yes, the Company requires stock ownership by directors. The Board of Directors expects non-management directors to hold a meaningful number of shares of Company common stock and expects non-management directors to retain shares acquired as compensation as a director until at least 12 months following their departure from the Board.

YUM directors receive a significant portion of their annual compensation in stock. The Company believes that the emphasis on the equity component of director compensation serves to further align the interests of directors with those of our shareholders.

How much YUM stock do the directors own?

Stock ownership information for each director nominee is shown in the table on page 26.

Does the Company have stock ownership guidelines for executives and senior management?

The Management Planning and Development Committee has adopted formal stock ownership guidelines that set minimum expectations for executive and senior management ownership. These guidelines are discussed on page 43.

The Company has maintained an ownership culture among its executive and senior managers since its formation. Substantially all executive officers and members of senior management hold stock well in excess of the guidelines.

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MATTERS REQUIRING SHAREHOLDER ACTION

ITEM 1 Election of Directors and Director Biographies (Item 1 on the Proxy Card)

Who are this year's nominees?

The twelve (12) nominees recommended by the Nominating and Governance Committee of the Board of Directors for election this year to hold office until the 2016 Annual Meeting and until their respective successors are elected and qualified are provided below. The biographies of each of the nominees below contains information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Governance Committee and the Board to determine that the person should serve as a director for the Company. In addition to the information presented below regarding each nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he or she should serve as a director, we also believe that all of our director nominees have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to YUM and our Board. Finally, we value their significant experience on other public company boards of directors and board committees.

There are no family relationships among any of the directors and executive officers of the Company. See "What are the Company's policies and procedures with respect to related person transactions?" at page 12. Director ages are as of the date of this proxy statement.

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Michael J. Cavanagh is Co-President and Co-Chief Operating Officer for The Carlyle Group, a global investment firm. He has held this position since 2014. He is also a member of the Executive Group and Management Committee of The Carlyle Group. Prior to this, Mr. Cavanagh was the Co-Chief Executive Officer of the Corporate & Investment Bank of JPMorgan Chase & Co. from 2012 until 2014. From 2010 to 2012, he was the Chief Executive Officer of JPMorgan Chase & Co.'s Treasury & Securities Services business, one of the world's largest cash management providers and a leading global custodian. From 2004 to 2010, Mr. Cavanagh was Chief Financial Officer of JPMorgan Chase & Co.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Operating and management experience, including as president and chief operating officer of a global investment firm

Expertise in finance and strategic planning

Age 49

Director Since 2012

Co-President and
Co-Chief Operating Officer
The Carlyle Group

Greg Creed 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. Mr. Creed served as Chief Operating Officer of YUM from 2005 to 2006. He has served as a director of International Games Technology since 2010.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Operating and management experience, including as chief executive officer of Taco Bell

Expertise in strategic planning, global branding, franchising, and corporate leadership

Public company directorship and committee experience

Age 57

Director Since 2014

Chief Executive Officer, YUM

David W. Dorman is the Non-Executive Chairman of the Board of CVS Health Corporation (formerly known as CVS Caremark Corporation), a pharmacy healthcare provider. He has held this position since May 2011. He is also a Founding Partner of Centerview Capital, a private investment firm, since July 2013. Until May 2011, he was the Non-Executive Chairman of Motorola Solutions, Inc. (formerly known as Motorola Inc.), a leading provider of business and mission critical communication products and services for enterprise and government customers. He served as Non-Executive Chairman of the Board of Motorola, Inc. from May 2008 until the separation of its mobile devices and home businesses in January 2011. From October 2006 to May 2008, he was Senior Advisor and Managing Director to Warburg Pincus, a global private equity firm. From November 2005 until January 2006, he was President of AT&T Inc., a company that provides Internet and transaction-based voice and data services (formerly known as SBC Communications). He was Chairman of the Board and Chief Executive Officer of the company previously known as AT&T Corp. from November 2002 until November 2005. Prior to this, he was President of AT&T Corp. from 2000 to 2002 and the Chief Executive Officer of Concert, a former global venture created by AT&T Corp. and British Telecommunications plc, from 1999 to 2000. Mr. Dorman serves on the board of Motorola Solutions, Inc., Georgia Tech Foundation and eBay Inc. He served as a director of AT&T Corp. from 2002 to 2006.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Age 61

Director Since 2005

Non-Executive Chairman, CVS Health Corporation	Operating and management experience, including as chief executive officer of global telecommunications-related businesses
	Expertise in finance, strategic planning and public company executive compensation
	Public company directorship and committee experience
	Independent of Company

Massimo Ferragamo is Chairman of Ferragamo USA, Inc., a subsidiary of Salvatore Ferragamo Italia, which controls sales and distribution of Ferragamo products in North America. Mr. Ferragamo has held this position since 1985. Mr. Ferragamo served as a director of Birks & Mayors, Inc. from 2005 until 2007.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Operating and management experience, including as chairman of international sales and distribution business

Expertise in branding, marketing, sales and international business development

Public company directorship and committee experience

Independent of Company

Age 57

Director Since 1997

Chairman, Ferragamo USA, Inc.

Mirian M. Graddick-Weir serves as Executive Vice President of Human Resources for Merck & Co., Inc., a pharmaceutical company. She has held this position since 2008. From 2006 until 2008, she was Senior Vice President of Human Resources of Merck & Co., Inc. Prior to this position, she served as Executive Vice President of Human Resources and Employee Communications of AT&T Corp from 2004 to 2006. Ms. Graddick-Weir served as the Executive Vice President of Human Resources of AT&T Corp. from 1999 to 2004. Ms. Graddick-Weir held various executive positions throughout her career with AT&T, which began in 1981. Ms. Graddick-Weir served as a director of Harleysville Group Inc. from 2000 until 2012.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Management experience, including as executive vice president of human resources for a pharmaceutical company and a global communications services provider

Expertise in global human resources, corporate governance and public company compensation

Public company directorship and committee experience

Independent of Company

Age 60

Director Since 2012

Executive Vice
President Human
Resources
Merck & Co., Inc.

Jonathan S. Linen has been an advisor to the Chairman of American Express Company, a diversified worldwide travel and financial services company, since January 2006. From August 1993 until December 2005, he served as Vice Chairman of American Express Company. From 1992 to 1993, Mr. Linen served as President and Chief Operating Officer of American Express Travel Related Services Company, Inc. From 1989 to 1992, Mr. Linen served as President and Chief Executive Officer of Shearson Lehman Brothers. Mr. Linen is a director of Modern Bank, N.A. and The Intercontinental Hotels Group.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Operating and management experience, including as president and chief executive officer of global travel-related services company

Expertise in finance, marketing and international business development

Public company directorship and committee experience

Independent of Company

Age 71

Director Since 2005

Advisor to the Chairman, American Express Company

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Thomas C. Nelson has served as the President and Chief Executive Officer of National Gypsum Company, a building products manufacturer, since 1999 and was elected Chairman of the Board in January 2005. From 1995 to 1999, Mr. Nelson served as the Vice Chairman and Chief Financial Officer of National Gypsum Company. He is also a General Partner of Wakefield Group, a North Carolina based venture capital firm. Mr. Nelson previously worked for Morgan Stanley & Co. and in the United States Defense Department as Assistant to the Secretary and was a White House Fellow. He serves as Director of Carolinas Healthcare System and as lead Director of Belk, Inc. Effective January 2015, Mr. Nelson will serve as a director for the Federal Reserve Bank of Richmond.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Operational and management experience, including as president and chief executive officer of a building products manufacturer

Senior government experience as Assistant to the Secretary of the United States Defense Department and as a White House Fellow

Expertise in finance, strategic planning, business development and retail business

Public company directorship and committee experience

Independent of Company

Age 52

Director Since 2006

Chairman, Chief Executive Officer and President, National Gypsum Company

David C. Novak has been Executive Chairman of the Board since January 1, 2015. Prior to this, Mr. Novak was Chairman of the Board from 2001 to 2014, and Chief Executive Officer of YUM from 2000 to 2014. He served as President of YUM from October 1997 to April 2012. Mr. Novak previously served as Group President and Chief Executive Officer, KFC and Pizza Hut from August 1996 to July 1997, at which time he became acting Vice Chairman of YUM. Mr. Novak served as a director of Bank One Corporation from 2001 until its merger with JPMorgan Chase & Co. in 2004. He continued serving as a director of JPMorgan Chase & Co. from 2004 to 2012.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Operating and management experience, including as chairman and chief executive officer of the Company

Expertise in strategic planning, global branding, franchising, and corporate leadership

Public company directorship and committee experience

Age 62

Director Since 1997

Executive Chairman, YUM

Thomas M. Ryan is the former Chairman and Chief Executive Officer of the Board of CVS Health Corporation, formerly known as CVS Caremark Corporation ("CVS"), a pharmacy healthcare provider. He served as Chairman from April 1999 to May 2011. He was Chief Executive Officer of CVS from May 1998 to February 2011 and also served as President from May 1998 to May 2010. Mr. Ryan serves on the boards of Five Below, Inc. and Vantive, Inc., and is an Operating Partner of Advent International. Mr. Ryan was a director of Reebok International Ltd. from 1998 to 2005 and Bank of America Corporation from 2004 to 2010.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Operating and management experience, including as chief executive officer of global pharmacy healthcare business

Expertise in finance, strategic planning and public company executive compensation

Public company directorship and committee experience

Independent of Company

Age 62

Director Since 2002

Former Chairman and CEO, CVS Health Corporation

MATTERS REQUIRING SHAREHOLDER ACTION

Elane B. Stock is Group President of Kimberly-Clark International, a division of Kimberly-Clark Corporation, a leading consumer products company. She has held this position since 2014. From 2012 to 2014 she was the Group President for Kimberly-Clark Professional. Prior to this role, Ms. Stock was the Chief Strategy Officer from 2010, when she first joined Kimberly-Clark, to 2012.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Global operating and management experience, including as group president of a consumer products company

Expertise in branding, marketing, sales, strategic planning and international business development

Independent of Company

Age 50

Director Since 2014

Group President
Kimberly-Clark
International

Jing-Shyh S. Su has been Vice Chairman of the Board since 2008. He is also Chairman and Chief Executive Officer of YUM's China Division, a position he has held since May 2010. From 1997 to May 2010, he was President of YUM's China Division. Prior to this position, he was the Vice President of North Asia for both KFC and Pizza Hut.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Operating and management experience, including as president of the Company's China division

Expertise in marketing and brand development

Expertise in strategic planning and international business development

Age 62

Director Since 2008

Vice Chairman,
YUM!
Brands, Inc.,
Chairman and
Chief Executive
Officer of YUM's
China Division

Robert D. Walter is the founder of Cardinal Health, Inc., a company that provides products and services supporting the health care industry. Mr. Walter retired from Cardinal Health in June 2008. Prior to his retirement from Cardinal Health, he served as Executive Director from November 2007 to June 2008. From April 2006 to November 2007, he served as Executive Chairman of the Board of Cardinal Health. From 1979 to April 2006, he served as Chairman and Chief Executive Officer of Cardinal Health. Mr. Walter also serves as a director of American Express Company and Nordstrom, Inc. From 2000 to 2007, he was a director of CBS Corporation and its predecessor, Viacom, Inc.

SPECIFIC QUALIFICATIONS, EXPERIENCE, SKILLS AND EXPERTISE:

Operating and management experience, including as chief executive officer, of global healthcare and service provider business

Expertise in finance, business development, business integrations, financial reporting, compliance and controls

Public company directorship and committee experience

Independent of Company

Age 69

Director Since 2008

Founder and Retired
Chairman/CEO
Cardinal Health, Inc.

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If elected, we expect that all of the aforementioned nominees will serve as directors and hold office until the 2016 Annual Meeting of Shareholders and until their respective successors have been elected and qualified. Based on the recommendation of the Nominating and Governance Committee, all of the aforementioned nominees are standing for re-election.

What is the recommendation of the Board of Directors?

The Board of Directors recommends that you vote FOR the election of these nominees.

What if a nominee is unwilling or unable to serve?

That is not expected to occur. If it does, proxies may be voted for a substitute nominated by the Board of Directors.

What vote is required to elect directors?

A nominee will be elected as a director if the number of "FOR" votes exceeds the number of "AGAINST" votes with respect to his or her election.

Our policy regarding the election of directors can be found in our Corporate Governance Principles at *www.yum.com/investors/governance/principles.asp* and at page 7 under "What other significant Board practices does the Company have? Majority Voting Policy."

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MATTERS REQUIRING SHAREHOLDER ACTION

ITEM 2 Ratification of Independent Auditors (Item 2 on the Proxy Card)

What am I voting on?

A proposal to ratify the selection of KPMG LLP ("KPMG") as our independent auditors for fiscal year 2015. The Audit Committee of the Board of Directors has selected KPMG to audit our consolidated financial statements. During fiscal 2014, KPMG served as our independent auditors and also provided other audit-related and non-audit services.

Will a representative of KPMG be present at the meeting?

Representatives of KPMG will be present at the Annual Meeting and will have the opportunity to make a statement if they desire and will be available to respond to appropriate questions from shareholders.

What vote is required to approve this proposal?

Approval of this proposal requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting. If the selection of KPMG is not ratified, the Audit Committee will reconsider the selection of independent auditors.

What is the recommendation of the Board of Directors?

The Board of Directors recommends that you vote FOR approval of this proposal.

What were KPMG's fees for audit and other services for fiscal years 2014 and 2013?

The following table presents fees for professional services rendered by KPMG for the audit of the Company's annual financial statements for 2014 and 2013, and fees billed for audit-related services, tax services and all other services rendered by KPMG for 2014 and 2013.

	2014	2013
Audit fees(1)	$ 6,788,000	$ 6,340,000
Audit-related fees(2)	615,000	360,000
Audit and audit-related fees	7,403,000	6,700,000
Tax fees(3)	438,000	980,000
All other fees		
TOTAL FEES	$ 7,841,000	$ 7,680,000

(1) Audit fees include fees for the audit of the annual consolidated financial statements, reviews of the interim condensed consolidated financial statements included in the Company's quarterly reports, audits of the effectiveness of the Company's internal controls over financial reporting, statutory audits and services rendered in connection with the Company's securities offerings.

(2) Audit-related fees include audits of financial statements of certain employee benefit plans, agreed upon procedures and other attestations.

(3)

Tax fees consist principally of fees for international tax compliance, tax audit assistance, and VAT and other tax advisory services.

What is the Company's policy regarding the approval of audit and non-audit services?

The Audit Committee has implemented a policy for the pre-approval of all audit and permitted non-audit services, including tax services, proposed to be provided to the Company by its independent auditors. Under the policy, the Audit Committee may approve engagements on a case-by-case basis or pre-approve engagements pursuant to the Audit Committee's pre-approval policy. The Audit Committee may delegate pre-approval authority to one of its independent members, and has currently delegated pre-approval authority up to certain amounts to its Chair.

Pre-approvals for services are granted at the January Audit Committee meeting each year. In considering pre-approvals, the Audit Committee reviews a description of the scope of services falling within pre-designated services and imposes specific budgetary guidelines. Pre-approvals of designated services are generally effective for the succeeding 12 months. Any incremental audit or permitted non-audit services which are expected to exceed the relevant budgetary guideline must be pre-approved.

The Corporate Controller monitors services provided by the independent auditors and overall compliance with the pre-approval policy. The Corporate Controller reports periodically to the Audit Committee about the status of outstanding engagements, including actual services provided and associated fees, and must promptly report any non-compliance with the pre-approval policy to the Chair of the Audit Committee.

The complete policy is available on the Company's website at *www.yum.com/investors/governance/media/gov_auditpolicy.pdf.*

ITEM 3 Advisory Vote on Executive Compensation (Item 3 on the Proxy Card)

What am I voting on?

In accordance with SEC rules, we are asking shareholders to approve, on a non-binding basis, the compensation of the Company's Named Executive Officers as disclosed in this proxy statement.

We urge shareholders to read the Compensation Discussion and Analysis beginning at page 28, the compensation tables beginning at page 46 and the narrative discussion following the compensation tables.

Our Performance-Based Executive Compensation Program Attracts and Retains Strong Leaders and Closely Aligns with Our Shareholders' Interests

Our performance-based executive compensation program is designed to attract, reward and retain the talented leaders necessary for our Company to succeed in the highly competitive market for talent, while maximizing shareholder returns. This approach has made our management team a key driver in the Company's strong performance over both the long and short term. We believe that our compensation program has attracted and retained strong leaders, and is closely aligned with the interests of our shareholders.

In deciding how to vote on this proposal, we urge you to read the Compensation Discussion and Analysis section of this proxy statement, beginning on page 28, which discusses in detail how our compensation policies and procedures operate and are designed to meet our compensation goals and how our Management Planning and Development Committee makes compensation decisions under our programs.

Accordingly, we ask our shareholders to vote in favor of the following resolution at the Annual Meeting:

RESOLVED, that the shareholders approve, on an advisory basis, the compensation awarded to our Named Executive Officers, as disclosed pursuant to SEC rules, including the Compensation Discussion and Analysis, the compensation tables and related materials included in this proxy statement.

What vote is required to approve this proposal?

Approval of this proposal requires the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote at the Annual Meeting. While this vote is advisory and non-binding on the Company, the Board of Directors and the Management Planning and Development Committee will review the voting results and consider shareholder concerns in their continuing evaluation of the Company's compensation program. Unless the Board of Directors modifies its policy on the frequency of this advisory vote, the next advisory vote on executive compensation will be held at the 2016 Annual Meeting of Shareholders.

What is the recommendation of the Board of Directors?

The Board of Directors recommends that you vote FOR approval of this proposal.

ITEM 4 Shareholder Proposal Regarding A Policy On Accelerated Vesting Upon A Change In Control (Item 4 on the Proxy Card)

What am I voting on?

Amalgamated Bank's LongView LargeCap 500 Index Fund has advised us that it intends to present the following shareholder proposal at the Annual Meeting. We will furnish the address and share ownership of the proponent upon request.

Accelerated Vesting

RESOLVED: The shareholders ask the board of directors to adopt a policy that in the event of a change in control (as defined under any applicable employment agreement, equity incentive plan or other plan), there shall be no acceleration in the vesting of equity awards to senior executives, provided, however, that the board's Compensation Committee may provide in an applicable grant or purchase agreement that any such unvested award will vest on a partial, *pro rata* basis up to the time of the senior executive's termination, with such qualifications for an award as the Committee may determine.

For purposes of this policy, "equity award" means an award granted under an equity incentive plan as defined in Item 402 of the SEC's Regulation S-K, which identifies the elements of executive compensation to be disclosed to shareholders. This resolution shall be implemented so as not to affect any contractual rights in existence on the date this policy is adopted.

SUPPORTING STATEMENT

Yum! Brands grants senior executives several types of equity awards that normally vest over several years. The company states in its 2014 proxy that 80% of compensation is "at-risk," where the compensation paid is determined based on the achievement of specified results." The proxy goes on to state, "We believe that all of our long-term incentive compensation is performance-based." However, restrictions on the vesting of unearned equity awards are removed or "accelerated" if there is a change in control at the Company and if, as to more recent equity awards, an executive employment is involuntarily terminated.

We do not question that some form of severance payments may be appropriate in a change-in-control situation. Indeed, the Company already has provisions for severance payments to senior executives in the event of a change in control. We are concerned, however, that the Company's current policies may permit windfall equity awards that are unrelated to a senior executive's performance.

According to last year's proxy statement, a change in control at the end of 2013, along with an executive's termination, could have accelerated the vesting of $22 million in unearned equity for David C. Novak, the Chairman and CEO, and at least $6.2 million for other senior executives.

We are unpersuaded that if a change in control should occur, even with an involuntary termination, then an executive somehow "deserves" unearned equity that he or she did not earn. To accelerate the vesting of unearned equity on the theory that an executive was denied the opportunity to earn them seems inconsistent with a "pay for performance" philosophy worthy of the name.

We do believe, however, that any acceleration of unearned equity should be limited to acceleration on a *pro rata* basis as of the executive's termination date, with the details of any *pro rata* award to be determined by the Compensation Committee.

Other companies have adopted limitations on accelerated vesting of unearned equity, including Apple, ExxonMobil, Chevron, Intel, Microsoft, and Occidental Petroleum.

We urge you to vote FOR this proposal.

Management Statement in Opposition to Shareholder Proposal

What is the Company's position regarding this proposal?

The Board of Directors recommends that shareholders vote AGAINST this proposal.

YUM employs an effective pay-for-performance compensation program with many governance best practices, including requiring double-trigger accelerated vesting of equity awards upon a change in control. We believe the elements of our program are appropriate and serve the best interests of our shareholders. The Proponent's proposal is unnecessary because our double-trigger vesting practice does not create a "windfall" for our executives, but aligns executive and shareholder interests. Our practice fosters a sense of stability for the executive so that he or she may remain objective and focused while leading the Company during a critical and uncertain time, and maintains our competitive edge when attracting and retaining high caliber talent. In fact, we believe implementing the Proponent's proposal will misalign executive and shareholder interests and incentivize executives to pursue transactions or outcomes that are not in the long-term interest of shareholders, or in the case of a potential change in control, may incentivize the executive to leave the Company.

Our double-trigger accelerated vesting practice does not create a windfall for our executives.

We implemented double-trigger accelerated vesting in the event of a change in control in 2013, based on shareholder feedback received in 2012. Pursuant to our double-trigger accelerated vesting practice, for awards made in 2013 and beyond, an executive's outstanding awards will only fully and immediately vest if the executive is (1) employed on the date of a change in control of the Company *and* (2) is then involuntarily terminated without cause on or within two years following the change in control by the surviving entity. No windfall is created since an executive will not receive accelerated vesting just because a change in control has occurred, nor if he or she leaves voluntarily or is terminated with cause.

Our double-trigger accelerated vesting treatment of equity awards aligns executive and shareholder interests during uncertain times.

Change in control transactions often mean a lengthy period of uncertainty for the Company and its executives during a time when the Company and its shareholders need executives to avoid distraction and operate at their best. The Proponent's proposal, which contemplates that equity vest on a pro-rata basis based on the period of time the executive is employed with the surviving entity, does not serve this need. Under the Proponent's proposal, even after leading the Company through a critical time, the executive would have the expectation of the loss of a portion or all of the value of any award granted after the Proponent's proposal is implemented. Importantly, this loss expectation will misalign executive and shareholder interests and incentivize executives to pursue transactions or outcomes that are not in the long-term interest of shareholders, or in the case of a potential change in control, may incentivize the executive to leave the Company.

On the other hand, the Company has a pay philosophy with a high emphasis on long-term incentive compensation (currently, 70% of CEO's compensation and 50% of other NEOs' compensation). The executive's long-term incentive pay only creates value when the Company's stock price increases and with favorable shareholder expectations. Therefore, we believe our practice of double trigger acceleration is an appropriate and powerful incentive for an executive to remain focused and vigilant in achieving a strategic transaction that maximizes shareholder value. It avoids conflicts of interest that could arise while leading a significant organizational change and, importantly, will help retain management during the uncertainties of a change in control.

Implementing Proponent's proposal will put the Company at a competitive disadvantage.

We compete for talent with our peers and must have a competitive compensation program to attract, retain and motivate executives. Implementing the Proponent's proposal puts the Company's competitive edge at risk because double-trigger accelerated vesting is a dominant governance practice. We benchmarked this practice well before implementation and it is employed by many of our peer companies. If we must implement the Proponent's pro-rata vesting proposal, we are at risk of losing our executives to competitors and not attracting new high caliber talent.

Why does the Company oppose the proposal?

In short, the Board believes that the Company's current executive compensation program and employment of double-trigger accelerated vesting of all unvested awards is appropriate and effective by aligning the interests of our executives and our shareholders and maintaining our ability to compete for and retain talented executives. Adoption of the Proponent's proposal could potentially impact our ability to deliver maximum value to our shareholders during a most critical time.

For the reasons above, the Board of Directors recommends you vote AGAINST this proposal.

What vote is required to approve this proposal?

Approval of this proposal requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

What is the recommendation of the Board of Directors?

The Board of Directors recommends that you vote AGAINST this proposal.

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STOCK OWNERSHIP INFORMATION

Who are our largest shareholders?

This table shows ownership information for each YUM shareholder known to us to be the owner of 5% or more of YUM common stock. This information is presented as of December 31, 2014, and is based on a stock ownership report on Schedule 13G filed by such shareholders with the SEC and provided to us.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Vanguard 100 Vanguard Blvd. Malvern, PA 19355	23,009,091(1)	5.25%
Blackrock Inc. 55 East 52nd Street New York, NY 10022	21,914,678(2)	5%

(1) The filing indicates sole voting power for 759,979 shares, sole dispositive power for 22,307,722 shares and shared dispositive power for 701,369 shares.

(2) The filing indicates sole voting power for 18,308,022 shares, shared voting power of 19,740 shares, sole dispositive power of 21,894,938 shares and shared dispositive power of 19,740 shares.

How much YUM common stock is owned by our directors and executive officers?

This table shows the beneficial ownership of YUM common stock as of December 31, 2014 by

- each of our directors,
- each of the executive officers named in the Summary Compensation Table on page 46, and
- all directors and executive officers as a group.

Unless we note otherwise, each of the following persons and their family members have sole voting and investment power with respect to the shares of common stock beneficially owned by him or her. None of the persons in this table holds in excess of one percent of the outstanding YUM common stock. Directors and executive officers as a group beneficially own approximately 2%. Our internal stock ownership guidelines call for the Chairman to own 336,000 shares of YUM common stock or stock equivalents. Guidelines for our other NEOs call for them to own 50,000 shares of YUM common stock or stock equivalents within five years following their appointment to their current position.

The table shows the number of shares of common stock and common stock equivalents beneficially owned as of December 31, 2014. Included are shares that could have been acquired within 60 days of December 31, 2014 through the exercise of stock options, stock appreciation rights ("SARs") or distributions from the Company's deferred compensation plans, together with additional underlying stock units as described in footnote (4) to the table. Under SEC rules, beneficial ownership includes any shares as to which the individual has either sole or shared voting power or investment power and also any shares that the individual has the right to acquire within 60 days through the exercise of any stock option or other right.

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STOCK OWNERSHIP INFORMATION

	Beneficial Ownership					
Name	Number of Shares Beneficially Owned(1)	Options/ SARS Exercisable within 60 Days(2)	Deferral Plans Stock Units(3)	Total Beneficial Ownership	Additional Underlying Stock Units(4)	Total
David C. Novak	328,796	1,415,552	1,334,279	3,078,627	1,083,785	4,162,412
Michael J. Cavanagh	10,000	162		10,162	7,379	17,541
David W. Dorman	56,901	10,574		67,475	5,254	72,729
Massimo Ferragamo	53,429	10,574	43,130	107,133	34,532	141,665
Mirian M. Graddick-Weir		411		411	9,681	10,092
Bonnie G. Hill	3,855	15,630	11,961	31,446	17,263	48,709
Jonathan S. Linen	28,054(5)	15,630		43,684	35,641	79,325
Thomas C. Nelson	8,288	5,610		13,898	36,051	49,949
Thomas M. Ryan	37,243(6)	15,630	4,587	57,460	30,287	87,747
Elane B. Stock					2,494	2,494
Robert D. Walter	108,301	6,914		115,215	23,586	138,801
Jing-Shyh S. Su	380,101(7)	1,331,590		1,711,691	214,664	1,926,355
Patrick J. Grismer	19,558(8)	119,328		138,886	24,926	163,812
Greg Creed	38,681	303,372	1,748	343,801	61,950	405,751
Scott O. Bergren	36,897	271,842	4,618	313,357	67,125	380,482
All Directors and Executive Officers as a Group (21 persons)	1,195,291	4,639,136	1,492,203	7,326,630	2,003,171	9,329,801

(1) Shares owned outright. These amounts include the following shares held pursuant to YUM's 401(k) Plan as to which each named person has sole voting power:

Mr. Novak, 33,132 shares

Mr. Grismer, 7,957 shares

all executive officers as a group, 51,160 shares

(2) The amounts shown include beneficial ownership of shares that may be acquired within 60 days pursuant to stock options and SARs awarded under our employee or director incentive compensation plans. For stock options, we report shares equal to the number of options exercisable within 60 days. For SARs, we report the shares that would be delivered upon exercise (which is equal to the number of SARs multiplied by the difference between the fair market value of our common stock at year-end and the exercise price divided by the fair market value of the stock).

(3) These amounts shown reflect units denominated as common stock equivalents held in deferred compensation accounts for each of the named persons under our Director Deferred Compensation Plan or our Executive

Income Deferral Program. Amounts payable under these plans will be paid in shares of YUM common stock at termination of directorship/employment or within 60 days if so elected.

(4) The amounts shown include units denominated as common stock equivalents held in deferred compensation accounts which become payable in shares of YUM common stock at a time (a) other than at termination of directorship/employment or (b) after 60 days. For Mr. Novak, those amounts also include vested restricted stock units. For Mr. Su, amounts also include restricted stock units awarded in 2010 that will vest in 2015.

(5) This amount includes 23,616 shares held in a trust.

(6) These shares are held in a trust.

(7) This amount includes 278,361 shares held indirectly.

(8) This amount includes 11,600 shares held in trusts.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

LEGAL PROCEEDINGS

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and persons who own more than 10% of the outstanding shares of YUM common stock to file with the SEC reports of their ownership and changes in their ownership of YUM common stock. Directors, executive officers and greater-than-ten percent shareholders are also required to furnish YUM with copies of all ownership reports they file with the SEC. To our knowledge, based solely on a review of the copies of such reports furnished to YUM and representations that no other reports were required, all of our directors and executive officers complied with all Section 16(a) filing requirements during fiscal 2014.

In 2013, three shareholder derivative actions were filed (one on May 9, 2013 in Jefferson Circuit Court, Commonwealth of Kentucky, and one on each of May 21, 2013 and December 9, 2013 in the U.S. District Court for the Western District of Kentucky) against certain current and former officers and directors of the Company. Generally, the matters assert claims of breach of fiduciary duty, waste of corporate assets and unjust enrichment in connection with an alleged failure to implement proper controls in the Company's purchases of poultry from suppliers to the Company's China operations and with an alleged scheme to mislead investors about the Company's growth prospects in China. The two actions in the U.S. District Court for the Western District of Kentucky have been consolidated. By agreement of the parties both the consolidated federal court actions and the state court action have been temporarily stayed pending the appeal of the dismissal of a related securities class action suit against the Company and certain executive officers. The derivative actions and the securities class action suit are described in the Company's Annual Report on Form 10-K for the year ended December 27, 2014 in *Part 1, Item 3, Legal Proceedings and Note 18, Contingencies, to the Consolidated Financial Statements included in Part II, Item 8*, and in previous SEC filings.

Pursuant to North Carolina law, our Restated Articles of Incorporation and indemnification agreements with our directors, the Company shall indemnify and may advance and/or reimburse certain expenses of our current and former officers and directors incurred in connection with defending these actions. Each of the current and former officers and directors is required to provide an undertaking to repay such expenses if it is ultimately determined that he or she is not entitled to indemnification.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

This Compensation Discussion and Analysis ("CD&A") focuses on the compensation of the following Named Executive Officers ("NEOs") for 2014 and describes our executive compensation philosophy and program, the decisions of the Management Planning and Development Committee (the "Committee") under this program and factors considered in making those decisions.

Name	Title
David C. Novak	Chairman of the Board and Chief Executive Officer of YUM
Patrick J. Grismer	Chief Financial Officer of YUM
Jing-Shyh S. Su	Vice Chairman of the Board of YUM and Chairman and Chief Executive Officer of YUM Restaurants China
Greg Creed	Chief Executive Officer of Taco Bell Division
Scott O. Bergren	Chief Executive Officer of Pizza Hut Division and Chief Innovation Officer of YUM

We will first provide a brief executive overview, including a discussion of the pay of YUM's new Chief Executive Officer ("CEO"), Greg Creed, which became effective January 1, 2015.

We will then discuss and analyze the following topics:

- CEO Pay
- How Compensation Decisions Are Made
- Elements of Executive Compensation Program
- Compensation Policies & Practices

Executive Overview

In 2014, YUM's overall performance was below expectations. Although we experienced strong earnings growth in the first half of the year, we did not achieve our full-year earnings per share growth target, as second-half results for our China division were heavily impacted by adverse supplier publicity.

While these overall results were disappointing, YUM delivered strong results in the following areas, which built long-term shareholder value and enhanced shareholder returns:

- Opened a record 2,034 new restaurants outside the U.S., with 80% of this development occurring in high-growth emerging markets. Over 80% of new restaurants in the KFC, Pizza Hut and Taco Bell divisions were opened by franchisees, generating high returns for YUM.
- The KFC division grew same-store sales 3% and operating profit 9% through robust international performance and an improving US business.

The Taco Bell division launched breakfast, a new value menu, innovative products and mobile ordering, fueling 3% same-store sales growth and 5% operating profit growth.

Increased quarterly dividend by 11%, marking the tenth consecutive year of dividend increases at a double-digit percentage rate.

YUM's Compensation Philosophy

Our compensation program is designed to support our long-term growth model, while holding our executives accountable to achieve key annual results year after year.

YUM's compensation philosophy for the NEOs is reviewed annually by the Committee, and has the following objectives:

Reward performance The majority of NEO pay is performance based and therefore at risk. We design pay programs that incorporate team and individual performance, customer satisfaction and shareholder return.

Emphasize long-term value creation Our belief is simple, if we create value for shareholders, then we share a portion of that value with those responsible for the results. We believe that all of our long-term incentive compensation is performance based. Stock Appreciation Rights/Options ("SARs/Options") reward for value creation which over time is a function of our results and the favorable expectations of our shareholders. Performance Share Unit ("PSU") awards reward for superior relative performance as compared to the S&P 500. Both vehicles encourage executives to grow the value of the Company with a long-term perspective in mind.

Drive ownership mentality We require executives to personally invest in the Company's success by owning a substantial amount of Company stock.

Retain and reward the best talent to achieve superior shareholder results To be consistently better than our competitors, we need to recruit and retain superior talent who are able to drive superior results. We have structured our compensation programs to be competitive and to motivate and reward high performers.

Relationship between Company Pay and Performance

To focus on both the short and long-term success of the Company, our NEOs' compensation includes a significant portion, approximately 80%, that is "at-risk" pay, where the compensation paid is determined based on Company results. If short-term and long-term financial and operational goals are not achieved, then performance-related compensation will decrease. If goals are exceeded, then performance-related compensation will increase. As demonstrated below, our target pay mix for NEOs emphasizes our commitment to "at-risk" pay in order to tie pay to performance.

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EXECUTIVE COMPENSATION

Based on the Company's 2014 performance, cash compensation was significantly below target. This was primarily due to below target results at our China and Pizza Hut divisions. Cash compensation (base salary and annual bonus) was 48% below target for the CEO and on average 24% below target for the other NEOs. As shown to the right, bonus payouts to four out of the five NEOs were below target.

NEO ACTUAL BONUS VS. TARGET

Long-term incentive grants are valued based on grant date value and are meant to be incentive opportunities based on future performance. Therefore, values in the Summary Compensation Table do not represent the value that may ultimately be realized by the executive. Realized value will be determined by actual performance over succeeding years. This means that, consistent with our pay-for performance philosophy, in the case of SARs/Options, our stock price must increase and, in the case of PSUs, we must attain certain performance thresholds before our executives realize any value. As shown below, our 2011 PSU award under our Performance Share Plan did not pay out to our NEOs in 2014 since the earnings per share compound annual growth rate ("EPS CAGR") during the 2011 2013 performance cycle did not reach the required minimum threshold of seven percent (see discussion of PSUs at page 41).

ALL NEO PSU VALUE FOR 2011 2013 PERFORMANCE CYCLE

(1) Amount is the sum of the grant date values awarded to each NEO, rounded to the nearest $25,000 as follows: Mr. Novak ($773,000), Mr. Su ($325,000), Mr. Creed ($205,000), and Mr. Bergren ($190,000). Mr. Grismer did not receive a PSU grant in 2011. He began participating in the Performance Share Plan in 2012.

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Compensation Changes for 2015

The Committee did not make any significant changes to its compensation policies to take effect in 2014; however, in May 2014 as discussed at page 7, the Company announced that effective January 1, 2015, Mr. Novak would retire as the Company's CEO. As a result, Mr. Creed became the Company's new CEO and Mr. Novak became the Company's Executive Chairman. Thus, the Committee made significant compensation changes for 2015, including changes to CEO pay. These changes, described below, continue to reinforce the pay-for-performance objective that our compensation programs have demonstrated for many years.

- **CEO pay will be consistent with our executive compensation philosophy for our other NEOs**. The Committee has determined that Mr. Creed's compensation as CEO beginning in 2015 will target the 50th percentile for base salary, 75th percentile for annual bonus and 50th percentile for long-term incentive compensation, which is consistent with our philosophy for our other NEOs. Because Mr. Creed is new to his role, for 2015 the Committee set Mr. Creed's total direct compensation below the median of our Executive Peer Group, as shown in the chart set forth below.

- **Executive Chairman pay will target median compensation philosophy**. Based on the Committee's review of a variety of external and internal factors, the Committee will target total compensation and set pay at the 50th percentile for Mr. Novak in his new role as Executive Chairman. His pay will align with benchmarking data for the Executive Chairman position, which was based on executive chairs in the Fortune 250 who were not founders of their companies. Based on this philosophy, the Committee set Mr. Novak's total target compensation for 2015 at $5 million, setting his salary at $1 million, bonus target at 100% of salary and long-term incentive pay (split 75% SARs and 25% PSUs) at an economic value of $3 million. In making this decision, the Committee took into consideration Mr. Novak's responsibilities as described at page 7 and his expected substantial contribution to the Company in 2015 including supporting Mr. Creed, as the Company's new CEO.

- **Updated the Company's Executive Peer Group**. The Committee removed Office Max, Darden and JC Penney and added Starwood, Hilton, Office Depot and Kraft to the Executive Peer Group (as defined on page 35) in order to better align the size of the peer group companies with YUM.

- **Reduced ownership guidelines to align with market best practice.** Our ownership guidelines in effect for 2014 are described at page 43. The Committee determined it was appropriate to lower the guidelines beginning in 2015 to be more in line with market practice. The guidelines in effect prior to 2015 had been in place for many years and based on the Company's stock price increase over these years had resulted in the guidelines exceeding market practice by quite a wide margin. For 2015, Mr. Creed and Mr. Novak will each be required to own 100,000 shares and our Chief Financial Officer and division presidents will each be required to own 30,000 shares. As a multiple of salary, this represents over six times for Mr. Creed and Mr. Novak and over three times for the Chief Financial Officer and division presidents. At these multiples of salary, the new guidelines are above the median for the Company's peer group.

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EXECUTIVE COMPENSATION

Key Executive Compensation and Governance Practices

We employ compensation and governance best practices that provide a foundation for our pay-for-performance program and align Company and shareholder interests.

We Do	We Don't Do
Independent compensation committee (Management Planning & Development Committee), which oversees the Company's compensation policies and strategic direction	Employment agreements
Directly link Company performance to pay outcomes	Re-pricing of SARs/Options
Executive ownership guidelines reviewed annually against Company guidelines	Grants of SARs/Options with exercise price less than FMV of common stock on date of grant
Broad Board discretion to "clawback" compensation if executive's conduct results in significant financial or reputational harm to Company	Permit executives to hedge or pledge Company stock
Make a substantial portion of NEO target pay "at risk"	Payment of dividends or dividend equivalents on PSUs unless or until they vest
Double-trigger vesting of equity awards upon change in control	Excise tax gross-ups upon change in control
Utilize independent Compensation Consultant	
Incorporate comprehensive risk mitigation into plan design	
Periodic review of Executive Peer Group to align appropriately with Company size	
Limit perquisites	

Evaluate CEO and executive succession plans

Conduct annual shareholder engagement program to obtain feedback from shareholders and consider in annual compensation program design

Chief Executive Officer Pay For 2014

Our compensation program is designed to support our long-term Company growth model, while holding our executives accountable to achieve key annual results year after year. Our CEO is compensated in accordance with this long-term, pay-for-performance perspective and, as discussed on page 29, the Committee set 89% of Mr. Novak's 2014 target pay at risk.

Every January, the Committee makes decisions about the CEO's target compensation based on performance and market competitiveness. For 2014, the Committee determined that our CEO's target cash compensation, consisting of base salary and target bonus, was competitive compared to our Executive Peer Group and did not increase these elements. In regards to actual cash compensation for 2014, our CEO's pay decreased by 18% compared to the prior year, due to a 45% decline in annual bonus. His annual bonus reflects below target performance. As demonstrated below and on page 34, our CEO's cash compensation correlates with earnings per share growth, which is our primary business performance metric.

CEO CASH COMPENSATION VS. EPS GROWTH

The Committee did not make any changes to Mr. Novak's target direct compensation for 2014. Mr. Novak's actual direct compensation, comprised of base salary, bonus paid and annual long-term incentive award value remained relatively flat from 2010 2012 but decreased by 26% in 2013 and decreased another percentage point in 2014 as a result of his reduced annual bonus. Although not included in the calculation of 2014 actual direct compensation, our CEO's PSU award was not paid out since the average earnings per share during the 2011 2013 performance cycle did not reach the required minimum average growth threshold of seven percent. Consequently, Mr. Novak realized no value for the award which had a grant date value of $773,000 and was included in the calculation of his actual direct compensation for 2011 (shown below). Further, our CEO's SARs will only provide value to him if shareholders receive value through stock price appreciation. As demonstrated on page 34, our CEO's actual direct compensation, like cash compensation, tracks earnings per share growth.

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CEO DIRECT COMPENSATION VS. EPS GROWTH

(1) The 2011 and 2012 PSU awards did not pay out. The 2013 and 2014 PSU awards, described at page 41, will not pay out if the Company's current TSR ranking against the S&P 500 continues.

How Compensation Decisions Are Made

Shareholder Outreach, Engagement and 2014 Vote on NEO Compensation

At our 2014 Annual Meeting of Shareholders, 95% of votes cast on our annual advisory vote on NEO compensation were in favor of our NEOs' compensation program, as disclosed in our 2014 proxy statement. These results represented an overwhelming majority support. While the Committee did not make any changes to our 2014 compensation program or policies as a result of this vote, we continued our shareholder outreach program to better understand our investors' opinions on our compensation practices and have the opportunity to answer their questions. In 2014, members of our management team from compensation, investor relations and legal continued to be directly involved in engagement efforts that served to reinforce our open door policy. The efforts included:

- Reaching out to the top 25 shareholders, representing ownership of approximately 46% of YUM shares
- Meeting with shareholders representing 16% of YUM shares
- Dialogues with proxy advisory firms
- Investor road shows and conferences

Presenting shareholder feedback to the Committee

Our annual engagement efforts facilitate communication with and participation by many of our shareholders. The Committee carefully considers shareholder and advisor feedback, among other factors discussed in this CD&A, in making its compensation decisions. Shareholder feedback has influenced and reinforced a number of compensation design changes over the years. The Company and the Committee appreciate the feedback from our shareholders and the proxy advisory firms and plan to continue these engagement efforts.

Role of the Committee

Compensation decisions are ultimately made by the Committee using its judgment, focusing primarily on each NEO's performance against his financial and strategic objectives, qualitative factors and the Company's overall performance. The Committee considers the total compensation of each NEO and retains discretion to make decisions that are reflective of overall business performance and each executive's strategic contributions to the business. In making its compensation decisions, the Committee typically follows the annual process described below:

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Committee Annual Compensation Process

January

Evaluates CEO and other NEO performance and approves bonus and Performance Share Plan actions for the prior year

Approves annual and long-term performance goals and metrics and total compensation package of CEO and other NEOs for the current year

- Committee consults with independent members of Board regarding total compensation decisions for CEO and decisions are reviewed and ratified by the independent members of Board

- Committee consults with and relies on CEO for in-depth review of performance of the other NEOs as well as competitive market information

Approves bonus and performance share plan metrics, targets, and leverage for the current year with recommendations from management

Reviews tally sheets

March

Completes compensation risk assessment

Reviews ownership guidelines and adherence to ownership guidelines

Conducts independence analysis of compensation consultant retaining sole authority to continue or terminate its relationship with outside advisors, including consultant

Reviews and approves inclusion of CD&A in proxy statement

July

Mid-Year update to full Board on CEO's progress against goals

September

Reviews compensation trends

Reviews market analysis of Director compensation and makes recommendations to Board (bi-annually)

November

Reviews competitive analysis/benchmarking for CEO and all CEO direct reports

Reviews bonus and performance share plan metrics, targets, and leverage recommendations for the following year

Evaluates feedback from shareholders and proxy advisors.

Role of the Independent Consultant

The Committee's charter states the Committee may retain outside compensation consultants, lawyers or other advisors. The Committee retains an independent consultant, Meridian Compensation Partners, LLC ("Meridian"), to advise it on certain compensation matters. The Committee has instructed Meridian that:

- it is to act independently of management and at the direction of the Committee;
- its ongoing engagement will be determined by the Committee;
- it is to inform the Committee of relevant trends and regulatory developments;
- it is to provide compensation comparisons based on information that is derived from comparable businesses of a similar size to the Company for the NEOs; and
- it is to assist the Committee in its determination of the annual compensation package for our CEO and other NEOs.

The Company considered the following factors, among others, in determining that Meridian meets the criteria to serve as the Committee's independent compensation consultant:

- Meridian did not provide any services to the Company unrelated to executive compensation.
- Meridian has no business or personal relationship with any member of the Committee or management.
- Meridian's partners and employees who provide services to the Committee are prohibited from owning YUM stock per Meridian's firm policy.

Comparator Compensation Data

Our Committee uses an evaluation of how our NEO target and actual compensation levels compare to those of similarly situated executives at companies that comprise our executive peer group ("Executive Peer Group") as one of the factors in setting executive compensation. The Executive Peer Group is made up of retail, hospitality, food, specialty eatery, and nondurable consumer goods companies and quick service restaurants, as these represent the sectors with which the Company is most likely to compete for executive talent. Companies from these sectors must also be reflective of the overall market characteristics of our executive talent market, relative leadership position in their sector, size as measured by revenues, complexity of their business, and in some cases global reach.

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EXECUTIVE COMPENSATION

Executive Peer Group

The Committee established the current Executive Peer Group for all NEOs at the end of 2013 for pay determinations in 2014. The 2014 Executive Peer Group includes:

AutoZone Inc.	H.J. Heinz Company	McDonald's Corporation
Avon Products Inc.	J.C. Penney Company Inc.	Nike Inc.
Campbell Soup Company	Kellogg Company	OfficeMax Inc.
Colgate Palmolive Company	Kimberly-Clark Corporation	Staples Inc.
Darden Restaurants Inc.	Kohl's Corporation	Starbucks Corporation
Gap Inc.	Macy's Inc.	Unilever USA
General Mills Inc.	Marriott International	

At the time the benchmarking analysis was prepared, the Executive Peer Group's median revenues were $14.9 billion and enterprise value was $18.8 billion, while YUM's were estimated at $21.6 billion (calculated as described below) and $33 billion respectively.

For companies with significant franchise operations, measuring size can be complex. There are added complexities and responsibilities for managing the relationships, arrangements, and overall scope of the franchising enterprise, in particular, managing product introductions, marketing, driving new unit development, and customer satisfaction and overall operations improvements across the entire franchise system. Accordingly, in calibrating size-adjusted market values, which values are as of the last completed fiscal year at the time of study, our philosophy is to add 25% of franchisee and licensee sales to the Company's revenues to establish an appropriate revenue benchmark. The reason for this approach is based on our belief that the correct calibration of complexity and responsibility lies between corporate-reported revenues and system-wide revenues.

Competitive Positioning

Meridian provided the Executive Peer Group compensation data to the Committee and it was used as a frame of reference for establishing compensation targets for base salary, annual bonus and long-term incentives for all of the NEOs at the beginning of 2014. However, this data is not the only factor considered for our NEOs' compensation, and it does not supplant the analyses of the individual performance of all of the NEOs. Because the comparative compensation information is one of several factors used in the setting of executive compensation, the Committee applies discretion in determining the nature and extent of its use.

Historically and during 2014, the Company has generally targeted pay for the CEO at the 75th percentile of the market due to Mr. Novak's sustained results. Specifically, 75th percentile total cash and total direct compensation. The Company has a philosophy for all other NEOs to target the 50th percentile for base salary, 75th percentile for target bonus and 50th percentile for long-term incentives. When benchmarking for determining target bonus percentage, we use the average of our NEOs' last three year's actual bonus paid rather than target bonus. When benchmarking and making decisions about the CEO's SARs/Options, we use a grant date fair value based on the full 10-year term rather than the expected term of all SARs/Options granted by the Company. This methodology is a more appropriate method to determine the award amount as it better reflects the actual historical holding pattern for SARs/Options granted to our CEO. Our CEO receives fewer shares under this practice than if we used the expected term of all SARs/Options granted by the Company.

Our CEO's and other NEOs' (except for Mr. Grismer) target total direct compensation was at or above the 75th percentile of our Executive Peer Group for 2014 due to sustained long-term results. Mr. Grismer's compensation is set consistent with our philosophy. It is important to emphasize that this is the competitive positioning of our compensation opportunities. Realized pay, however, is driven substantially by Company performance, as discussed on page 30.

As discussed on page 31, for 2015, the Company changed the compensation targets for the new CEO to be consistent with the philosophy for its other NEOs and set his 2015 total target direct compensation below the median of our Executive Peer Group.

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Elements of Executive Compensation Program

Our annual executive compensation program has three primary pay components: base salary, annual performance-based cash bonuses and long-term equity performance-based incentives. We also offer retirement and other benefits.

Element	Objective	Form
Base salary	Attract and retain high-caliber talent and provide a fixed level of cash compensation.	Cash
Annual Performance-Based Cash Bonuses	Motivate high performance and reward short-term Company, team and individual performance.	Cash
Long-Term Equity Performance-Based Incentives	Align the interests of executives with shareholders and emphasize long-term results.	SARs/Options & PSUs
Retirement and Additional Benefits	Provide for long-term retirement income and basic health and welfare coverage.	Various

Details on each program element follow.

Base Salary

We provide base salary to compensate our NEOs for their primary roles and responsibilities and to provide a stable level of annual compensation. A NEO's actual salary varies based on the role, level of responsibility, experience, individual performance, future potential and market value. Specific salary increases take into account these factors. In addition, salary increases may be warranted based on a promotion or change in the responsibilities of the NEO. The Committee reviews the NEOs' salary and performance annually.

Based on the Committee's review, the following actions were taken regarding base salary for 2014:

NEO	2014 Base Salary	Action	Reason
Novak	$ 1,450,000	No change	No change since existing total cash compensation is at our target philosophy
Grismer	$ 715,000	10% increase	Adjustment aligns base salary more closely with our target philosophy
Su	$ 1,100,000	No change	No change since existing base salary is above our target philosophy
Creed	$ 750,000	No change	No change since existing base salary is above our target philosophy
Bergren	$ 725,000	No change	No change since existing base salary is above our target philosophy

Annual Performance-Based Cash Bonuses

Our performance-based annual bonus program, the Yum Leaders' Bonus Program, is a cash-based plan. The principal purpose of the Yum Leaders' Bonus Program is to motivate and reward team and individual performance that drives shareholder value.

The formula for calculating the performance-based annual bonus under the Yum Leaders' Bonus Program is:

Base Salary	×	Target Bonus Percentage	×	Team Performance (0 200%)	×	Individual Performance (0 150%)	=	Bonus Payout (0 300%)

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EXECUTIVE COMPENSATION

Bonus Targets

Based on the Committee's review, the following actions were taken regarding bonus targets for 2014:

NEO	2014 Target Bonus Percentage	Action	Reason
Novak	160%	No change	No change since existing total target cash compensation is at our target philosophy
Grismer	100%	No change	No change since existing annual incentive target opportunity is at our target philosophy
Su	115%	No change	No change since existing annual incentive target opportunity is above our target philosophy
Creed	100%	No change	No change since existing annual incentive target opportunity is above our target philosophy
Bergren	100%	Increase from 85%	Adjustment aligns annual incentive target opportunity with our target philosophy

Team Performance

The Committee established team performance measures, targets and weights in January 2014 after receiving input and recommendations from management. The objectives were also reviewed by the Board to ensure the goals support the Company's overall strategic objectives.

The performance objectives were developed through the Company's annual financial planning process, which takes into account division growth strategies, historical performance, and the expected future operating environment. These projections include profit growth to achieve our EPS growth target.

When setting targets for each specific team performance measure, the Company takes into account overall business goals and structures the target to motivate achievement of desired performance consistent with our EPS growth commitment to shareholders.

A leverage formula for each team performance measure magnifies the potential impact that performance above or below the performance target will have on the calculation of annual bonus. This leverage increases the payouts when targets are exceeded and reduces payouts when performance is below target. There is a threshold level of performance for all measures that must be met in order for any bonus to be paid. Additionally, all measures have a cap on the level of performance over which no additional bonus will be paid regardless of performance above the cap.

The performance targets are comparable to those we disclose to our investors and, when determined to be appropriate by our Committee, may be slightly above or below disclosed guidance. Division targets may be adjusted during the year when doing so is consistent with the objectives and intent at the time the targets were originally set.

Detailed Breakdown of 2014 Team Performance

The team performance targets, actual results, weights and overall performance for each measure for our NEOs are outlined below.

TEAM PERFORMANCE

NEO	Measures	Target	Actual	Earned Award as % of Target	Weighting	Final Team Performance
Novak, Grismer	Weighted Average Divisions' Team Factors(1)			68	50%	34
	Earnings Per Share Growth (excluding special items)	20%	4%	0	50%	0