As filed with the Securities and Exchange Commission on September 16, 2016

File No. 001-37762

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 5
to

Form 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934

Yum China Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**81-2421743**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
1441 Gardiner Lane **Louisville, KY** (Address of principal executive offices)	**40213** (Zip code)

(888) 298-6986
(Registrant's telephone number, including area code)

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

Title of each class to be so registered	**Name of each exchange on which each class is to be registered**
Common Stock, par value $0.01 per share	New York Stock Exchange

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company o

YUM CHINA HOLDINGS, INC.
INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT
AND ITEMS OF FORM 10

This Registration Statement on Form 10 incorporates by reference information contained in the Information Statement filed herewith as Exhibit 99.1. The cross-reference sheet below identifies where the items required by Form 10 can be found in the Information Statement.

Item 1. ***Business.***

The information required by this item is contained under the sections of the Information Statement entitled "Information Statement Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Certain Relationships and Related Person Transactions," "The Separation and Distribution" and "Where You Can Find More Information" Those sections are incorporated herein by reference.

Item 1A. ***Risk Factors.***

The information required by this item is contained under the section of the Information Statement entitled "Risk Factors" That section is incorporated herein by reference.

Item 2. ***Financial Information.***

The information required by this item is contained under the sections of the Information Statement entitled "Unaudited Pro Forma Combined Financial Statements," "Selected Historical Combined Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Those sections are incorporated herein by reference.

Item 3. ***Properties.***

The information required by this item is contained under the section of the Information Statement entitled "Business—Properties." That section is incorporated herein by reference.

Item 4. ***Security Ownership of Certain Beneficial Owners and Management.***

The information required by this item is contained under the section of the Information Statement entitled "Security Ownership of Certain Beneficial Owners and Management." That section is incorporated herein by reference.

Item 5. ***Directors and Executive Officers.***

The information required by this item is contained under the section of the Information Statement entitled "Management of the Company." That section is incorporated herein by reference.

Item 6. ***Executive Compensation.***

The information required by this item is contained under the sections of the Information Statement entitled "Executive Compensation," "Compensation Discussion and Analysis" and "Management of the Company—Compensation Committee Interlocks and Insider Participation." Those sections are incorporated herein by reference.

Item 7. ***Certain Relationships and Related Transactions, and Director Independence.***

The information required by this item is contained under the sections of the Information Statement entitled "Management of the Company" and "Certain Relationships and Related Person Transactions." Those sections are incorporated herein by reference.

Item 8. ***Legal Proceedings.***

The information required by this item is contained under the section of the Information Statement entitled "Business—Legal Proceedings." That section is incorporated herein by reference.

Item 9. ***Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters.***

The information required by this item is contained under the sections of the Information Statement entitled "Dividend Policy," "Capitalization," "Security Ownership of Certain Beneficial Owners and Management," "The Separation and Distribution—Market for the Company's Common Stock" and "Description of Capital Stock." Those sections are incorporated herein by reference.

Item 10. ***Recent Sales of Unregistered Securities.***

The information required by this item is contained under the section of the Information Statement entitled "Description of Capital Stock—Sale of Unregistered Securities." That section is incorporated herein by reference.

Item 11. ***Description of Registrant's Securities to Be Registered.***

The information required by this item is contained under the sections of the Information Statement entitled "Dividend Policy," "The Separation and Distribution" and "Description of Capital Stock." Those sections are incorporated herein by reference.

Item 12. ***Indemnification of Directors and Officers.***

The information required by this item is contained under the sections of the Information Statement entitled "Description of Capital Stock—Limitations on Liability, Indemnification of Officers and Directors and Insurance" and "Certain Relationships and Related Person Transactions—The Separation and Distribution Agreement—Indemnification." Those sections are incorporated herein by reference.

Item 13. ***Financial Statements and Supplementary Data.***

The information required by this item is contained under the section of the Information Statement entitled "Index to Financial Information" and the financial statements referenced therein. That section is incorporated herein by reference.

Item 14. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 15. ***Financial Statements and Exhibits.***

(a) Financial Statements

The information required by this item is contained under the section of the Information Statement entitled "Index to Financial Information" and the financial statements referenced therein. That section is incorporated herein by reference.

(b) Exhibits

See below.

The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
2.1	Form of Separation and Distribution Agreement***
3.1	Form of Amended and Restated Certificate of Incorporation of Yum China Holdings, Inc.***
3.2	Form of Amended and Restated Bylaws of Yum China Holdings, Inc.***
4.1	Form of Rights Agreement between Yum China Holdings, Inc. and American Stock Transfer & Trust Company, LLC, as rights agent*
4.2	Form of Certificate of Designations of Preferred Stock*
4.3	Form of Yum China Holdings, Inc. Shareholders Agreement among Yum China Holdings, Inc., Pollos Investment L.P. and API (Hong Kong) Investment Limited**
10.1	Form of Master License Agreement**
10.2	Form of Tax Matters Agreement***
10.3	Form of Employee Matters Agreement**
10.4	Form of Transition Services Agreement***
10.5	Form of Name License Agreement***
10.6	Form of Guaranty of Master License Agreement***
10.7‡	Form of Yum China Holdings, Inc. Long Term Incentive Plan**
10.8‡	Form of Yum China Holdings, Inc. Leadership Retirement Plan**
10.9‡	Form of Yum China Stock Appreciation Rights Agreement**
10.10‡	Form of Restricted Stock Unit Agreement**
10.11	Investment Agreement, dated as of September 1, 2016, among Yum! Brands, Inc., Yum China Holdings, Inc. and Pollos Investment L.P.**
10.12	Investment Agreement, dated as of September 1, 2016, among Yum! Brands, Inc., Yum China Holdings, Inc. and API (Hong Kong) Investment Limited**
21.1	Subsidiaries of Yum China Holdings, Inc.*
99.1	Information Statement of Yum China Holdings, Inc., preliminary and subject to completion, dated September 16, 2016**

* To be filed by amendment.

** Filed herewith.

*** Previously filed.

‡ Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

YUM CHINA HOLDINGS, INC.

By: /s/ MICKY PANT

Name: Micky Pant
Title: *Chief Executive Officer*

Date: September 16, 2016

QuickLinks

Exhibit 4.3

FORM OF

YUM CHINA HOLDINGS, INC.

SHAREHOLDERS AGREEMENT

Dated as of [·], 2016

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EXHIBITS

Exhibit A – Form of Resignation Letter
Exhibit B – Form of Joinder
Exhibit C – Form of Issuer Agreement
Exhibit D – Form of AF Deed of Adherence

SHAREHOLDERS AGREEMENT, dated as of [October 31], 2016 (as it may be amended from time to time, this "Agreement"), among (i) Yum China Holdings, Inc., a Delaware corporation (the "Company"), (ii) Pollos Investment L.P., a Cayman Islands Limited Partnership ("PV"), and (iii) API (Hong Kong) Investment Limited ("AF") (each of AF and PV an "Investor" and collectively, the "Investors"). The Investors, collectively with the Company, are referred to herein as the "Parties".

W I T N E S S E T H:

WHEREAS, pursuant to (i) an Investment Agreement, dated as of September 1, 2016, among Yum! Brands, Inc., a North Carolina corporation and former parent of the Company ("Parent"), the Company and PV (as it may be amended from time to time) (the "PV Investment Agreement") and (ii) an Investment Agreement, dated as of September 1, 2016, among Parent, the Company and AF (as it may be amended from time to time) (the "AF Investment Agreement" and, collectively with the PV Investment Agreement, the "Investment Agreements"), the Investors have agreed to purchase and acquire from the Company, and the Company has agreed to issue and sell to Investors, the Investor Shares and will issue the Warrants (as such terms are defined in the Investment Agreements), on such terms and subject to such conditions as are set forth in the Investment Agreements (the "Investment");

WHEREAS, pursuant to the Investment Agreements, the Company and the Investors have agreed to execute and deliver this Agreement; and

WHEREAS, each of the Parties hereto wishes to set forth in this Agreement certain terms and conditions regarding the Investment and Investors' ownership of the Investor Shares and Warrants (and the Warrant Shares), including certain registration rights applicable to such shares, restrictions on the transfer of such securities, restrictions on certain actions relating to the Company, and the governance of the Company.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the Parties hereto hereby agree as follows:

ARTICLE I

GOVERNANCE; ADDITIONAL AGREEMENTS

1.1. Composition of the Board of Directors.

(a) As of one (1) Business Day after the date hereof, the board of directors of the Company (the "Board") shall consist of ten (10) directors designated by Parent, one (1) of which shall be Dr. Fred Hu ("FH"), who shall be appointed as the Company's initial Chairman; provided, that, and notwithstanding anything contained in this Section 1.1 to the contrary, if FH is unable to serve due to death, disability or incapacity as of such time of appointment, PV shall be entitled to designate another Person to serve as the Investor Designee and a director (who need not be the Chairman) of the Company effective as of one Business Day after the Effective Time, in which event the Board shall consist of ten (10) directors or eleven (11) directors, as

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determined in the Board's discretion. FH and any other Investor Designee (as defined below) shall, at the time of his or her appointment to the Board, execute and deliver to the Company an irrevocable conditional letter of resignation in the form attached hereto as Exhibit A (the "Resignation Letter").

(b) Following the Effective Time, so long as PV together with its Affiliates Beneficially Owns a number of shares of Company Common Stock that is at least fifty percent (50.0%) of the number of PV Shares as of immediately following the Closing (as defined in the PV Investment Agreement) (but giving effect to any adjustment pursuant to Section 2.4(b) or Section 2.4(c) of the PV Investment Agreement) (the "PV Shareholding Requirement"), PV shall have the right to nominate one (1) Investor Designee who shall be a Qualified Director for election at each meeting of stockholders or action by written consent at which directors are to be elected and, for the avoidance of doubt, the Board shall include such Investor Designee in the slate of nominees recommended by the Board in the Company's proxy statement (and any related proxy cards); provided, that prior to the third annual meeting of stockholders of the Company after the date hereof, PV shall only have the right to nominate an Investor Designee for election at an annual meeting at which such Investor Designee's term expires in accordance with the Certificate; provided, further, that prior to the third annual meeting of stockholders of the Company, unless FH is unable to serve due to death, disability, incapacity or retirement or ceases to be employed by PV or any of its Affiliates, the Investor Designee shall be FH. FH or any person designated to serve as a director by PV pursuant to the foregoing sentence is referred to as the "Investor Designee." At such time when the PV Shareholding Requirement is not met, then (x) the conditions set forth in the applicable Investor Designee's Resignation Letter shall be satisfied and the Board shall be entitled (but not required) to accept such Investor Designee's resignation (and, for the avoidance of doubt, such Investor Designee's resignation shall not be effective until accepted by the Board) and (y) in the event the Board accepts such Investor Designee's resignation, PV's right to designate the PV Observer (as defined below) in accordance with Section 1.1(f) shall terminate and the PV Observer shall automatically cease to be a Board Observer and shall have no further rights as a Board Observer. In connection with the election of directors at any annual meeting of stockholders or action by written consent of the Company after the Effective Time, and subject to the terms of this Agreement (including the immediately preceding sentence) and Applicable Law, the Company shall take all actions necessary to provide that the Investor Designee is nominated for election or re-election (including by using substantially the same level of efforts and providing no less than substantially the same level of support as is used and/or provided for the other director nominees of the Company with respect to the applicable meeting of stockholders or action by written consent), as applicable, to the Board at such annual meeting or pursuant to such action by written consent and the remaining directors shall be nominated in accordance with the provisions of this Agreement, the Certificate and the Bylaws, and the Company shall solicit proxies for such Investor Designee to the same extent as it does for any of its other nominees to the Board. For the avoidance of doubt, failure of the stockholders of the Company to elect such Investor Designee provided for in this Section 1.1(b) to the Board shall not affect the right of PV to nominate a director for election in any future election of directors. The Company shall take all actions necessary to provide that, upon his appointment to the Board, FH is included as a "Class III" director as such term is used in the Certificate.

(c) PV shall have the right to designate, subject to Section 1.1(b), any replacement for the Investor Designee, who shall be a Qualified Director, upon the death, resignation, retirement, disqualification or removal from office of any such Investor Designee and the Board shall take all necessary action to appoint such replacement Investor Designee, subject in all cases to (i) compliance with the Certificate, the Bylaws, Applicable Law and applicable stock exchange rules and (ii) the execution, delivery and acceptance of a Resignation Letter to the Company.

(d) For purposes of this Agreement, a "Qualified Director" shall mean a director who (i) qualifies as an Independent Director and (ii) is otherwise reasonably acceptable to the Board (as determined by a majority of the directors not including any Investor Designee); provided, that no Person shall be a Qualified Director if such Person Engages in a Competing Business. Notwithstanding anything to the contrary, (x) if at any time an Investor Designee Engages in a Competing Business, then the conditions set forth in such Investor Designee's Resignation Letter shall be satisfied (and the Board shall be entitled (but not required) to accept such Investor Designee's resignation (and, for the avoidance of doubt, such Investor Designee's resignation shall not be effective until accepted by the Board)), and (y) if at any time from and after the Effective Time, PV or any of its Affiliates Engages in a Competing Business, then, PV shall no longer have the right to designate an Investor Designee (provided, however, that nothing in this Agreement shall be deemed to prohibit PV from seeking a waiver from the Company with respect to this subclause (y), which waiver may be given or withheld at the Company's sole discretion).

(e) For so long as an Investor Designee is serving on the Board, the Company shall not implement or maintain any trading policy or similar guideline or policy with respect to the trading of securities of the Company that is targeted at PV or its Affiliates (including a policy that limits, prohibits, restricts Investor or its Affiliates from entering into the hedging or derivative arrangements referenced herein), in each case, other than (i) with respect to the Investor Designee, (ii) with respect to the trading of securities of the Company while in possession of material non-public information concerning the Company or its Subsidiaries, (iii) with respect to compliance with applicable federal securities or other laws, and/or (iv) with respect to compliance with the terms of this Agreement.

(f) From and after the Effective Time, and for so long as AF together with its Affiliates Beneficially Owns a number of shares of Company Common Stock that is at least fifty percent (50.0%) of the number of AF Shares as of immediately following the Closing (as defined in the AF Investment Agreement) (but giving effect to any adjustment pursuant to Section 2.4(b) or Section 2.4(c) of the AF Investment Agreement), AF shall have the right to designate one (1) non-voting Board observer (the "AF Observer"); provided; that at any time from and after the Effective Time, (A) if AF or any of its Affiliates Engages in a Competing Business, then AF shall immediately cease to have the right to retain the AF Observer, and (B) if the PV Shareholding Requirement ceases to be met, then AF shall cease to have the right to retain the AF Observer following the date that is three years following the date on which the PV Shareholding Requirement ceases to be met (unless such right shall have been previously terminated pursuant to the terms of this Agreement). From and after the Effective Time, and for so long as the PV Shareholding Requirement is met, subject to the last sentence of Section 2.2(b), PV shall have the right to designate one (1) non-voting Board observer (the "PV

Observer" and each of the PV Observer and the AF Observer, a "Board Observer"). Each Board Observer (x) must be reasonably acceptable to the Board (as determined by a majority of the directors not including any Investor Designee), (y) cannot be Engaged in a Competing Business and (z) shall enter into a customary confidentiality agreement with the Company. No Board Observer shall have the right to vote on any matter presented to the Board or any committee thereof but shall have the right to (1) receive the same materials distributed to members of the Board at the same time and in the same manner such materials are distributed to members of the Board, and (2) otherwise fully participate in meetings and discussions of the Board, except for the right to vote, as if he or she were a member of the Board. For the avoidance of doubt, no Board Observer shall be entitled to receive from the Company or any of its Affiliates any compensation or reimbursement of expenses, costs or any fees in connection with the Board Observer's attendance at meetings of the Board or otherwise.

(g) Each Investor Designee (and any replacement therefor pursuant to Section 1.1(c)) and Board Observer shall, prior to such Investor Designee's or Board Observer's nomination or designation, as applicable, provide any and all information as shall be reasonably requested by the Board (including the completion of a customary directors' and officers' questionnaire, as well as any information regarding such proposed Investor Designee to the extent reasonably required by the Certificate, the Bylaws, Applicable Law and applicable stock exchange rules). PV shall direct the Investor Designee and the PV Observer to comply, and AF shall direct the AF Observer to comply, with all policies, procedures, processes, codes, rules, standards and guidelines applicable to Board members generally, including the Company's code of business conduct and ethics, securities trading policies, anti-hedging policies, Regulation FD-related policies, director confidentiality policies and corporate governance guidelines (collectively, the "Company Policies"); provided that Parent and the Company acknowledge and agree that any share ownership requirement for an Investor Designee serving on the Board will be deemed satisfied by the Investor Shares Beneficially Owned by Investor and/or its Affiliates and under no circumstances shall any of such Company Policies impose any restrictions on Investor's or Affiliates' transfers of securities pursuant to ARTICLE IV.

(h) Notwithstanding anything contained in this Agreement to the contrary, the Company reserves the right to withhold any information and to exclude any Board Observer from any meeting or portion thereof if access to such information or attendance at such meeting would reasonably be expected to adversely affect the attorney-client privilege between the Company and its counsel, or result in disclosure of trade secrets or a conflict of interest.

1.2. Certificate of Incorporation and Bylaws. Immediately after the Effective Time, and for so long as this Agreement is in effect, (i) the Company and the Investors shall take or cause to be taken all lawful action necessary to ensure at all times as of and following the Effective Time that the provisions of this Agreement or the transactions contemplated hereby are not inconsistent with Applicable Law and (ii) the Company shall take or cause to be taken all lawful action necessary to ensure at all times as of and following the Effective Time that the provisions of the Certificate and Bylaws of the Company are not inconsistent with the provisions of this Agreement and the Investment Agreements.

1.3. Share Repurchases. The Company shall not, prior to the expiration of the Measurement Period, repurchase, or publicly announce any share repurchase programs relating to, any shares of Company Common Stock.

1.4. Financing Cooperation. Upon the request of any Investor or of its Affiliates that it wishes to pledge, hypothecate or grant security interests in any or all of the Investor Shares in connection with one or more Permitted Loans, including to banks or financial institutions as collateral or security for loans, advances or extensions of credit, the Company agrees to use reasonable best efforts to provide to such Investor and its Affiliates, as applicable, such cooperation as may be reasonably necessary to consummate any such pledge, hypothecation or grant, including entry into letter agreements with lenders substantially in the form of Exhibit C hereto (each, an "Issuer Agreement") and, if requested by such Investor or any of its Affiliates (and notwithstanding anything to the contrary in this Agreement and the Investment Agreements, including Section 3.1(k) of each Investment Agreement and Section 6.3 hereof), instructing the transfer agent to transfer any such Investor Shares subject to the pledge, hypothecation or grant into the facilities of The Depository Trust Company without, to the extent permitted by Applicable Laws, restrictive legends subject to receipt of an opinion from nationally recognized counsel reasonably satisfactory to the Company. The Company's obligation to deliver an Issuer Agreement is conditioned on (i) the Investor delivering to the Company (A) at least five (5) Business Days prior to the date of the requested Issuer Agreement, a substantially final draft of the Permitted Loan to which the Issuer Agreement relates, and (B) an executed copy of the Permitted Loan to which the Issuer Agreement relates and (ii) the Investor certifying to the Company in writing that (A) the loan agreement with respect to which the Issuer Agreement is being delivered constitutes a Permitted Loan being entered into in accordance with this Agreement, the Investor has pledged the Investor Shares as collateral to the lenders under such Permitted Loan and the execution of such Permitted Loan and the terms thereof do not violate the terms of this Agreement, (B) an event of default (as described in such loan agreement) constitutes the sole circumstances under which the lenders under the Permitted Loan may foreclose on the Investor Shares and that such provisions do not violate the terms of this Agreement, (C) pursuant to the provisions of such loan agreement, the Investor may sell Investor Shares in order to satisfy a margin call or repay a Permitted Loan, in each case, to the extent necessary to satisfy a bone fide margin call on such Permitted Loan or otherwise in compliance with the terms of this Agreement and that such provisions do not violate the terms of this Agreement and (D) the Investor acknowledges and agrees that the Company will be relying on such certificate when entering into the Issuer Agreement and any inaccuracy in such certificate will be deemed a breach of this Agreement. The Investor acknowledges and agrees that the statements and agreements of the Company in an Issuer Agreement are solely for the benefit of the applicable lenders party thereto and that in any dispute between the Company and the

Investor under this Agreement, the Investor shall not be entitled to use the statements and agreements of the Company in an Issuer Agreement against the Company. The Company agrees and acknowledges that (a) no lender or collateral agent with respect to a Permitted Loan shall become party to this Agreement or be subject to any provision hereunder and (b) that it shall not condition its cooperation under this Section 1.4 on (i) any lender or collateral agent agreeing to become party to this Agreement or becoming subject to any such provision or (ii) any agreement, representation, warranty or obligation by the Investor or any of its Affiliates other than as set forth in this Agreement or in any Issuer Agreement.

1.5. Directors' and Officers' Indemnification and Insurance. Immediately following the date of this Agreement, the Company shall adopt (or, as applicable, maintain in effect) directors' and officers' liability insurance that shall extend to the Investor Designee to the same extent applicable to all Company directors. The Company acknowledges and agrees that the Company shall be the indemnitor of first resort with respect to any indemnification and advancement of expenses and provided in the Company's certificate of incorporation and/or bylaws to any Investor Affiliated Director and such insurance shall be the insurance of first resort for any Investor Affiliated Director, in each case, in his or her capacity as a director of the Company or its Subsidiaries (such that the Company's obligations to such indemnitees in their capacities as directors are primary and any obligation of PV or its Affiliates to advance expenses or to provide indemnification or insurance for the same expenses or liabilities incurred by such indemnitees are secondary). No advancement or payment by PV or its Affiliates on behalf of such indemnitees with respect to any claim for which such indemnitees have sought indemnification, advancement of expenses of insurance from the Company in their capacities as directors shall affect the foregoing, and PV or its Affiliates, as applicable, shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such indemnitees against the Company. The Company shall indemnify each Board Observer from and against any and all claims, actions, costs, expenses or losses incurred by such Board Observer as a result of such Board Observer being named as a defendant in any lawsuit or other legal action solely in his or her capacity as a Board Observer.

ARTICLE II

TRANSFERS; STANDSTILL PROVISIONS; COMPLIANCE

2.1. Investor Transfer Restrictions.

(a) Other than in the case of a Permitted Transfer, no Investor shall, and each Investor shall cause its Affiliates not to, Transfer all or any portion of the Investor Shares, Warrants or Warrant Shares owned by such Investor prior to the date that is twelve (12) months after the Effective Time (such period, the "Restricted Period"); provided, however, that the foregoing restriction shall cease to apply with respect to the Warrants and Warrant Shares (and any hedging or monetization transactions effected pursuant to Rule 144 that reference Company Common Stock and do not exceed, in the aggregate during the Restricted Period, the number of shares of Company Common Stock underlying the Warrants, each a "Permitted Warrant Hedge") if the Reference Price is, at any time after the date that is six (6) months after the Effective Time, less than seventy percent (70%) of the Adjusted VWAP Price Per Share. "Reference Price" with respect to any point in time means the volume weighted average price of a share of Company

Common Stock listed on the New York Stock Exchange over the consecutive ten (10) trading days immediately prior to such time.

(b) "Permitted Transfers" means, in each case, so long as such Transfer is in accordance with Applicable Law:

(i) a Transfer to a Permitted Transferee of such Investor, so long as such Permitted Transferee, in connection with such Transfer, (A) executes a customary joinder to this Agreement, substantially in the form attached hereto as Exhibit B and (B) covenants and agrees in writing, subject to the terms and conditions of any Permitted Loan made to such Permitted Transferee, to Transfer the previously Transferred Investor Shares or Warrants (or Warrant Shares) back to such Investor immediately upon ceasing to be a Permitted Transferee;

(ii) a Transfer in connection with an Acquisition Transaction approved by the Board (including if the Board (A) recommends that its stockholders tender in response to a tender or exchange offer that, if consummated, would constitute an Acquisition Transaction, or (B) does

not recommend that its stockholders reject any such tender or exchange offer within the ten (10) Business Day period specified in Rule 14e-2(a) under the Exchange Act);

(iii) a Transfer made pursuant to and in accordance with Section 2.4(b) of the applicable Investment Agreement;

(iv) a Transfer that constitutes a tender into a tender or exchange offer commenced by the Company or any of its Affiliates;

(v) a Transfer that constitutes a pledge, hypothecation or other grant of security interest in the Investor Shares, Warrants or Warrant Shares as collateral for a Permitted Loan or Permitted Warrant Hedge; or

(vi) a Transfer by any Investor to any Person (other than an Affiliate of such Investor) for cash, solely to the extent that all of the net proceeds of such sale are solely used to satisfy a margin call *(i.e.*, posted as collateral) or repay a Permitted Loan to the extent necessary to satisfy a bona fide margin call on such Permitted Loan or avoid a bona fide margin call on such Permitted Loan that is, in the good faith judgment of the Investor or its applicable Affiliate that is the borrower under such Permitted Loans, as applicable, reasonably likely to occur (in each case through no fault of Investor or any of its Affiliates).

The Investor shall provide at least five (5) Business Days' advanced written notice of any proposed Transfer that is a Permitted Transfer pursuant to Section 2.1(b)(i) or Section 2.1(b)(v), and shall, to the extent reasonably practicable, provide at least two (2) Business Days' advanced written notice of any proposed Transfer that is a Permitted Transfer pursuant to Section 2.1(b)(vi).

(c) Notwithstanding anything to the contrary contained herein, including ARTICLE IV hereof and/or the expiration of the Restricted Period, neither any Investor nor any

of its Affiliates, shall cause, permit, or suffer any Transfer of all or any portion of the Investor Shares, Warrants, or Warrant Shares owned by such Investor or any of its Affiliate (i) if such Transfer would be in violation of any Applicable Laws or breach of any terms and conditions of this Agreement; or (ii) to a Prohibited Person. Notwithstanding the foregoing, the sale of the Investor Shares through open market transactions, or through registration rights where the identity of prospective buyers is not known to the selling Investor shall not be subject to Section 2.1(c)(ii).

(d) To the extent that any Transfer or attempted Transfer of Investor Shares or Warrants (or the Warrant Shares) by an Investor or any of its Affiliates is in violation of this Section 2.1, (i) such Transfer shall, to the fullest extent permitted by Applicable Law, be null and void *ab initio*, (ii) the Company shall not, and shall instruct its transfer agent and other third parties not to, record or recognize any such purported Transfer on the share register of the Company, and (iii) the Company shall be entitled to seek, and recover, from such Investor any and all costs, expenses and damages (including reimbursement of any costs and expenses incurred by the Company) incurred or suffered by the Company in connection with any such purported Transfer.

(e) Nothing contained in this Agreement shall prohibit or otherwise restrict the ability of any lender (or its securities' affiliate) or collateral agent to foreclose upon and sell, dispose of or otherwise Transfer Investor Shares mortgaged, hypothecated and/or pledged to secure the obligations of the borrower following an event of default under a Permitted Loan and (ii) notwithstanding the foregoing or anything to the contrary herein, in the event that any lender or other creditor under a Permitted Loan (including any agent or trustee on their behalf) or any Affiliate of the foregoing exercises any rights or remedies in respect of the Investor Shares or any other collateral for any Permitted Loan, no lender, creditor, agent or trustee on their behalf or Affiliate of any of the foregoing (other than, for the avoidance of doubt, an Investor or any of its Affiliates) or transferee of any of the foregoing (except as permitted under Section 6.11) shall be entitled to any rights or have any obligations, or be subject to any Transfer restrictions or limitations, hereunder (including the rights or benefits provided for in this Section 2.1).

(f) Notwithstanding anything contained herein to the contrary, a Transfer resulting from (x) any issuance of limited partnership or other investor interests by a Primavera Fund, (y) any Transfer of limited partnership or other interests in a Primavera Fund, or (z) any Transfer of an interest in a Primavera Fund among employees of Primavera Capital GP II Ltd. or its Affiliates, in each case, shall not be deemed a "Transfer" for purposes of this Agreement.

2.2. Standstill.

(a) During the Standstill Period, without the express prior written invitation or consent of the Board, each Investor shall not, and shall cause its respective Affiliates and any representatives acting on such Investor's or one of such Investor's Affiliate's behalf not to, in any manner, directly or indirectly: (i) effect or seek, offer or propose (whether publicly or otherwise) to effect, or participate in, facilitate or encourage any other Person to effect or seek, offer or propose (whether publicly or otherwise) to effect, or participate in, (A) any acquisition of any voting securities (or beneficial ownership thereof), or rights or options to acquire any voting securities (including Company Common Stock and any voting debt securities) (or

beneficial ownership thereof) (for the avoidance of doubt, other than an Investor's exercise of the Warrants in accordance with their respective terms), or any assets, or businesses of the Company, (B) any tender offer or exchange offer, merger or other business combination involving the Company, any of the assets of the Company or the Subsidiaries constituting a material portion of the consolidated assets of the Company and the Company's Subsidiaries, (C) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the Company or (D) any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Commission) or consents to vote any voting securities of the Company, including soliciting consents or taking other action with respect to the calling of a special meeting of the Company's shareholders; (ii) form, join or in any way participate in a "group" (as defined under the Exchange Act) with respect to the Company; (iii) otherwise act, alone or in concert with others, to seek representation on or to Control or influence the management, Board or policies of the Company or to obtain representation on the Board of the Company (provided, that this clause (iii) shall in no way limit the activities of the Investor Designee taken in good faith solely in his or her capacity as a director of the Company); (iv) disclose or direct any Person to disclose, any intention, plan or arrangement inconsistent with the foregoing; or (v) advise, assist or encourage, or direct any Person to advise, assist or encourage any other Person in connection with any of the foregoing. Each Investor also agrees during such period not to request the Company to amend or waive any provision of this Section 2.2(a) (including this sentence).

(b) The provisions of Section 2.2(a) shall not, in any manner, limit or prohibit (i) any actions, or the rights or authority of the Investor Designee acting in his or her capacity as a member of the Board or otherwise consistent with his or her fiduciary duties, (ii) the full participation of any Investor Designee in any Board (or Board committee, as applicable) discussions, deliberations, negotiations or determinations, or other actions or matters with respect to which any other members of the Board participate, regarding any Change of Control of the Company or any Acquisition Transaction, (iii) either Investor or any of such Investor's Affiliates, or any of their respective representatives from communicating privately with the Company's directors, officers or representatives so long as such communications are not intended to, and would not reasonably be expected to, require any public disclosure of such communications, (iv) Investor or any of its Affiliates' acquisition or offering to acquire, directly or indirectly, any company or business unit that Beneficially Owns any securities of the Company; provided that, in the event the Investor or any of its Affiliates acquire Control of such company or business unit, the fair market value of such company or business unit's Beneficial Ownership in the Company (at the time definitive agreements with respect to such acquisition are entered into) shall represent five percent (5%) or less of the total assets of such company or business unit; provided, further, that any Beneficial Ownership in the Company so acquired by Investor or any of its Affiliates shall be taken in account when determining the Ultimate Standstill Level (as defined below), (v) the activities of any Portfolio Company of any Investor; provided that such Portfolio Company is not acting at the direction of such Investor, (vi) any acquisition by either Investor, such Investor's Affiliates or any of their respective representatives of any voting securities (or Beneficial Ownership thereof), or rights or options to acquire any voting securities (including Company Common Stock), or the exercise of any rights or options to acquire any voting securities (including Company Common Stock), that does not immediately following the consummation of any such transaction result, directly or indirectly (and taking into account any other Beneficial Ownership of Company Common Stock including pursuant to the

foregoing clause (iv)), in (x) an aggregate Beneficial Ownership by PV and its Affiliates, collectively, of more than 17.74%, or, (y) an aggregate Beneficial Ownership by AF and its Affiliates, collectively, of more than 2.16%, (in each case of (x) and (y), taking into account, for purposes of such calculation, all Warrant Shares underlying the Warrants that are held by the applicable Investor and have not yet been exercised as of the date of determination, and as the percentages specified in the immediately preceding subsections (x) and (y) may be adjusted by mutual agreement between PV and AF for so long as the sum of such percentages do not exceed 19.9%) of the outstanding amount of any class of voting securities of Company Common Stock; provided, that notwithstanding anything to the contrary, nothing in this clause (vi) shall permit PV, AF and their respective Affiliates to Beneficially Own, in the aggregate, more than 19.9% of any voting securities or rights or options to acquire any voting securities of the Company (including Company Common Stock) (the "Ultimate Standstill Level"), or (vii) PV proposing to the Company, at any time after the date that is six (6) months after the Effective Time, that the Company consider increasing the size of the Board by one (1) director and nominating a second Investor Designee selected by PV (in addition to the Investor Designee pursuant to Section 1.1(b)) for election at the next annual meeting of stockholders of the Company at which directors of the Company are to be elected. Any such proposal made in compliance with clause (vii) of the preceding sentence shall be presented for consideration by the Board at the next regularly-scheduled meeting of the full Board. PV shall not have the right to designate the PV Observer (and any PV Observer then serving as such shall automatically cease to be a Board Observer and shall have no further rights as a Board Observer) for so long as two or more Investor Designees are directors of the Company.

(c) Other than this Agreement, the Company will not (i) enter into any Contract, (ii) amend the Certificate or Bylaws or (iii) amend or adopt any policies, procedures, processes, codes, rules, standards and guidelines, in each case, which in any manner, either directly or indirectly restrict either Investor or any of their respective Affiliates from acquiring, agreeing to acquire, proposing or offering to acquire, or facilitating the acquisition of any class of voting securities of Company Common Stock (including any derivative instruments thereof) not in excess of the Ultimate Standstill Level.

2.3. Compliance with Laws. In connection with the applicable Investment Agreement, this Agreement and any of the transactions contemplated thereby and from and after the date hereof, each Investor on behalf of itself and its respective Affiliates (as well as any director or officer of any of the foregoing) and the Company covenants and agrees to comply with and abide by all Applicable Laws. Without limiting the foregoing, each Investor on behalf of itself and its respective Affiliates (as well as any director or officer of any of the foregoing) and the Company covenants and agrees that it (a) has not made, offered, or promised, and will not make, offer, or promise any unlawful payment, or given, offered to give, or promised to give, and will not give, offer to give, or promise to give anything of value (whether in the form of property or services or in any other form), to any foreign or domestic official or employee of any Governmental Entity (which, for the purposes of this Section 2.3, also includes any political party or candidate), or to any finder, agent, representative or other party acting for, on behalf of, or under the auspices of any official or employee of any Governmental Entity (each, a "Government Official") for purposes of (i) influencing any act or decision of any Government Official in his or her official capacity, (ii) inducing any Government Official to do or omit to do any act in violation of his or her lawful duty, (iii) securing any improper advantage, or (iv) inducing any Government Official

to influence or affect any act or decision of any Governmental Entity, in each case, for the purpose of obtaining or retaining business or directing business to any Person; (b) has not used and will not use any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity and (c) has not taken or made, and will not take or make, any other action or omission that would or would reasonably be expected to result in a violation of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, or any other law of the United States, the People's Republic of China, or of any other jurisdiction where the Investor or its Affiliates conduct business governing corrupt practices, commercial bribery, money laundering, pay-to-play, anti-bribery or anticorruption or that otherwise prohibits payments to any government or public officials or employees.

ARTICLE III

INFORMATION RIGHTS

3.1. Financial Statements; Access. Subject to Section 3.2, for as long as PV has the right to appoint an Investor Designee pursuant to Section 1.1(b), in the case of PV, and for so long as AF has the right to designate a Board Observer pursuant to Section 1.1(f), in the case of AF, the Company will provide PV and AF, as applicable, with its monthly (as and when such monthly financial statements are furnished to the Board, but only to the extent that they are so furnished), quarterly and annual financial statements, unless such statements are available on the Electronic Data Gathering, Analysis and Retrieval (EDGAR) database of the SEC, in which case such statements shall be deemed delivered to Investors for purposes of this Agreement. In addition, for as long as PV has the right to appoint an Investor Designee pursuant to Section 1.1(b), in the case of PV, and for so long as AF has the right to designate a Board Observer pursuant to Section 1.1(f), in the case of AF, upon the request of the applicable Investor, no more than four (4) times per year, the Company will cause members of its senior management to meet with PV and AF, as applicable (in person or by conference telephone as agreed by the Parties) to

provide PV and AF, as applicable, with an update regarding developments relating to the Company's business and to respond to questions from the Investors; provided, that any costs and expenses incurred by PV or AF in connection with such meetings shall be borne solely by PV of AF, as applicable.

3.2. Confidentiality; Privileged Information.

(a) Each Investor and Board Observer expressly acknowledge that Confidential Information obtained or received by such Investor is confidential and that the disclosure of such Confidential Information, either publicly or privately to other parties, would cause irreparable injury to the Company. Except with the prior written consent of the Company, no Investor or Board Observer shall (and each Investor and Board Investor shall instruct their respective representatives not to) disclose any such Confidential Information to a third party, and PV, AF and any Board Observer shall use the same level of efforts utilized by PV and AF and their respective Affiliates, and the Board Observer's principal organization, respectively, in the protection of such organization's own confidential information to preserve the confidentiality of such Confidential Information (and each Investor and Board Observer shall cause its representatives to do the same). The obligations of each Investor and any Board Observer under this Section 3.2 shall survive the termination of this Agreement for a period of five (5) years;

provided, that with respect to any trade secret, such obligations shall continue to apply to such trade secret for so long as such trade secret remains a trade secret. Notwithstanding the foregoing, the Investors, any Board Observer and their respective Affiliates shall not be bound by the confidentiality obligations of this Section 3.2 with respect to any Confidential Information that is required to be disclosed pursuant to Applicable Law; provided, that in such case, such Investor, any Board Observer or the respective Affiliate of such Investor or Board Observer shall disclose only that portion of such Confidential Information that is required to be disclosed and, to the extent reasonably practicable provide advance notice to the Company of such disclosure and provide the Company a reasonable amount of time and opportunity to seek a protective order or similar remedy, and to reasonably cooperate (at the Company's sole expense) with the seeking of such protective order or similar remedy. Notwithstanding the foregoing, and for the avoidance of doubt, (A) an Investor or Board Observer may disclose Confidential Information to (x) their respective Affiliates and their respective representatives in connection with the transactions contemplated by this Agreement and the Transaction Agreements (or their rights and obligations hereunder), (y) to any direct or indirect, actual or potential shareholder, member, partner or other investor in such Investor or Board Observer's principal organization, in each case of subclauses (x) and (y) so long as such Persons are informed of the confidential nature of such information and are directed to treat such information confidentially and (z) solely with respect to PV, any potential financing source and their respective representatives in connection with a Permitted Loan; provided, that such financing sources shall enter into customary confidentiality agreements with respect to any Confidential Information to be provided thereunder, and (B) any Investor Designee and Board Observer may disclose to PV, AF or any of their respective Affiliates any information obtained or received by such Investor Designee or Board Observer in his or her capacity as such. Each Investor, on behalf of itself and its respective Affiliates and respective Board Observer, hereby acknowledges and agrees that such Investor shall be responsible for any failure of any of the Persons enumerated in this Section 3.2 to whom it discloses Confidential Information to treat such information as required by the terms of this Section 3.2.

(b) Nothing contained in this Section 3.2 will require the Company to take any action that would, after consultation with outside counsel, constitute a waiver of the attorney-client or similar privilege or violate any Applicable Law or confidentiality obligations owing to third parties, including under any material Contract.

(c) Notwithstanding anything in the Confidentiality Agreements or the Investment Agreements to the contrary, from and after the date hereof, (x) any disclosure of information (other than any information relating to the Parent or its Subsidiaries (excluding, for the avoidance of doubt, the Company and its Subsidiaries)) that is not prohibited by this Section 3.2 shall not be deemed to be a breach of Section 5.8 of the Investment Agreements or of the Confidentiality Agreements, and (y) any action that is not prohibited by Section 2.2 shall not be deemed to be a breach of the standstill obligations of the Investors solely in respect of the Company set forth in the seventh paragraph of the Confidentiality Agreements.

(d) This Section 3.2 shall survive any termination of this Agreement.

ARTICLE IV

REGISTRATION RIGHTS

4.1. Demand Registrations.

(a) Subject to the limitations set forth in this Agreement (including ARTICLE II), from and after the first anniversary of the Effective Time, subject to the terms and conditions hereof (x) solely during any period that the Company is then-ineligible under Applicable Law to register Registrable Securities on Form S-3 pursuant to Section 4.3 or, if the Company is so eligible but has failed to comply with its obligations under Section 4.3 or (y) following the expiration of the Company's obligation to keep the Shelf Registration Statement continuously effective pursuant to Section 4.3(b), but only if there is no Shelf Registration Statement then in effect, the Investors shall be entitled to make no more than two (2) written requests of the Company in any given calendar year and no more than four (4) in the aggregate (each, a "Demand") for registration under the Securities Act of an amount of Registrable Securities then held by the Investors that equals or is greater than the Registrable Amount (a "Demand Registration"). Thereupon the Company will, subject to the terms of this Agreement, use its commercially reasonable efforts to effect such registration to permit or facilitate the offer, sale and distribution of the securities specified in such Demand as promptly as reasonably practicable under the Securities Act of:

(i) the Registrable Securities which the Company has been so requested to register by the Investors for disposition in accordance with the intended method of disposition stated in such Demand; and

(ii) all shares of Company Common Stock which the Company may elect to register in connection with any offering of Registrable Securities pursuant to this Section 4.1, but subject to limitation as provided in Section 4.1(g); all to the extent necessary to permit the disposition (in accordance with the intended methods thereof) of the Registrable Securities and the additional shares of Company Common Stock, if any, to be so registered.

(b) A Demand shall specify: (i) the aggregate number of Registrable Securities requested to be registered in such Demand Registration; and (ii) the intended method(s) of disposition in connection with such Demand Registration.

(c) A Demand Registration shall not be deemed to have been effected (i) unless a registration statement with respect thereto has become effective and has remained effective for a period of at least (A) one hundred eighty (180) days or such shorter period in which all Registrable Securities included in such Demand Registration have actually been sold thereunder (provided, that such period shall be extended for a period of time equal to the period the holder of Registrable Securities refrains from selling any securities included in such registration statement at the request of the Company or the lead managing underwriter(s) pursuant to the provisions of this Agreement) or (B) in connection with a Demand Registration that involves an Underwritten Offering, such longer period as, in the opinion of counsel for the lead managing underwriter, a prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer, or (ii) if, (A) after it has become effective and prior to the sale of all Registrable Securities included therein, such Demand Registration becomes subject, prior to one hundred eighty (180) days after effectiveness, to any stop order, injunction or other order or requirement of the Commission or other Governmental

Entity, other than by reason of any act or omission by the Investors or (B) in connection with a Demand Registration that involves an Underwritten Offering, the conditions specified in the underwriting agreement or similar agreement entered into in connection with such registration are not satisfied, other than as the result of a wrongful act, misrepresentation or breach of such agreement by the Investors.

(d) Demand Registrations shall be on such appropriate registration form of the Commission as shall be selected by the Company and reasonably acceptable to the Investors.

(e) The Company shall not be obligated to (i) subject to the proviso of Section 4.1(c), maintain the effectiveness of a registration statement under the Securities Act filed pursuant to a Demand Registration, for a period longer than one hundred eighty (180) days or (ii) effect any Demand Registration (A) within six (6) months of a "firm commitment" Underwritten Offering in which the Investors were offered "piggyback" rights pursuant to Section 4.2 (subject to Section 4.2(b)) and at least 50% of the number of Registrable Securities requested by the Investors to be included in such Demand Registration were included and were actually sold thereunder, (B) within six (6) months of the completion of any other Demand Registration (including, for the avoidance of doubt, any Underwritten Offering pursuant to any Shelf Registration Statement) or (C) if, in the Company's reasonable judgment, it is not feasible for the Company to proceed with the Demand Registration because of the unavailability of audited or other required financial statements of the Company; provided, that the Company shall use its commercially reasonable efforts to obtain such financial statements as promptly as practicable.

(f) The Company shall be entitled to postpone (upon written notice to the Investors) the filing or the effectiveness of a registration statement or to require the Investors to suspend the use of the prospectus for sales of Registrable Securities in respect of any Demand Registration in the event of a Blackout Period under clause (ii) of the definition thereof until the expiration of such Blackout Period. In the event of such Blackout Period, the Company shall deliver to the Investors a certificate signed by either the chief executive officer or the chief financial officer of the Company certifying that, in the good faith judgment of the Board, the conditions described in clause (ii) of the definition of Blackout Period have been met. Such certificate shall contain, to the extent practicable, an approximation of the anticipated duration of such Blackout Period.

(g) If, in connection with a Demand Registration that involves an Underwritten Offering, the lead managing underwriter(s) advise(s) the Company that, in its (their) opinion, the inclusion of all of the securities sought to be registered in connection with such Demand Registration would adversely affect the success thereof, then the Company shall include in such registration statement only such securities as the Company is advised by such lead managing underwriter(s) can be sold without such adverse effect as follows and in the following order of priority: (i) first, up to the number of Registrable Securities requested to be included in such Demand Registration by the Investors, which, in the opinion of the lead managing underwriter(s), can be sold without adversely affecting the success thereof; and (ii) second, the securities the Company proposes to sell.

(h) Any time that a Demand Registration involves an Underwritten Offering, the Investors shall select the investment banker(s) and manager(s) that will serve as managing

underwriters (including which such managing underwriters will serve as lead or co-lead) and underwriters with respect to the offering of such Registrable Securities; provided, that such investment banker(s) and manager(s) shall be reasonably acceptable to the Company.

4.2. Piggyback Registrations.

(a) Subject to the limitations set forth in this Agreement (including ARTICLE II), from and after the first anniversary of the Effective Time, subject to the terms and conditions hereof, whenever the Company proposes to register any Company Common Stock under the Securities Act (other than a registration by the Company (i) on Form S-4 or any successor form thereto, (ii) on Form S-8 or any successor form thereto, (iii) on a Shelf Registration Statement or (iv) pursuant to Section 4.1 (a "Piggyback Registration")), whether for its own account or for the account of others, the Company shall give the Investors prompt written notice thereof (but not less than ten (10) days prior to the filing by the Company with the Commission of any registration statement with respect thereto). Such notice (a "Piggyback Notice") shall specify the number of shares of Company Common Stock proposed to be registered, the proposed date of filing of such registration statement with the Commission, the proposed means of distribution, the proposed managing underwriter(s) (if any) and a good faith estimate by the Company of the proposed minimum offering price of such shares of Company Common Stock, in each case, to the extent then known. Subject to Section 4.2(b), the Company shall include in each such Piggyback Registration all Registrable Securities held by the Investors with respect to which the Company has received written requests (which written requests shall specify the number of Registrable Securities requested to be disposed of by the Investors) for inclusion therein within five (5) days after such Piggyback Notice is received by the Investors.

(b) If, in connection with a Piggyback Registration that involves an Underwritten Offering, the lead managing underwriter(s) advises the Company that, in its (their) opinion, the inclusion of all the shares of Company Common Stock sought to be included in such Piggyback Registration would adversely affect the success thereof, then the Company shall include in the registration statement applicable to such Piggyback Registration only such shares of Company Common Stock as the Company is so advised by such lead managing underwriter(s) can be sold without such an effect and in the following order of priority: (i) first, the securities the Company proposes to sell; and (ii) up to the number of Registrable Securities requested to be included in

such Piggyback Registration by the Investors, which, in the opinion of the lead managing underwriter(s), can be sold without adversely affecting the success thereof.

(c) For clarity, in connection with any Underwritten Offering under this Section 4.2 for the Company's account, the Company shall not be required to include the Registrable Securities of the Investors in the Underwritten Offering unless the Investors accept the terms of the underwriting agreement (which shall be in customary form) as agreed upon between the Company and the lead managing underwriter(s), which shall be selected by the Company.

(d) If, at any time after giving written notice of its intention to register any shares of Company Common Stock as set forth in this Section 4.2 and prior to the time the registration statement filed in connection with such Piggyback Registration is declared effective, the Company shall determine for any reason not to register such shares of Company Common

Stock, the Company may, at its election, give written notice of such determination to the Investors and thereupon shall be relieved of its obligation to register any Registrable Securities in connection with such particular withdrawn or abandoned Piggyback Registration; provided, that the Investors may elect to require the Company to continue the registration as a Demand Registration pursuant to the terms of Section 4.1.

(e) Any time that a Piggyback Registration involves an Underwritten Offering, the Company shall select (in its sole discretion) the investment banker(s) and manager(s) that will serve as managing underwriters (including which such managing underwriters will serve as lead or co-lead) and underwriters with respect to the offering of such Registrable Securities.

4.3. Shelf Registration Statement.

(a) Subject to the limitations set forth in this Agreement (including ARTICLE II), from and after the first anniversary of the Effective Time, subject to the terms and conditions hereof, and further subject to the eligibility of the Company to file a registration statement on Form S-3 or any successor form thereto ("Form S-3"), the Investors may by written notice delivered to the Company require the Company to file as soon as reasonably practicable, and to its commercially reasonable efforts to cause to be declared effective by the Commission, if applicable, as soon as reasonably practicable after such filing date, a Form S-3 providing for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act to permit or facilitate the offer, sale and distribution, from time to time, of an amount of Registrable Securities then held by the Investors that equals or is greater than the Registrable Amount (the "Shelf Registration Statement"). To the extent the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act), the Company shall file the Shelf Registration Statement in the form of an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) or any successor form thereto.

(b) Subject to Section 4.3(c), the Company will use its commercially reasonable efforts to keep the Shelf Registration Statement continuously effective (including by filing amendments thereto or replacement registration statements thereof) until the earlier of (i) five (5) years after the Shelf Registration Statement has been declared effective; (ii) the date on which all Registrable Securities covered by the Shelf Registration Statement have been sold thereunder in accordance with the plan and method of distribution disclosed in the prospectus included in the Shelf Registration Statement, or otherwise cease to be Registrable Securities; and (iii) the date on which the Investors no longer hold Registrable Securities that represent at least two percent (2.0%) of the Total Voting Power of Company Common Stock in the aggregate.

(c) Notwithstanding anything to the contrary contained in this Agreement, if so advised by the Company in writing (which shall describe the reason for the Blackout Period and, to the extent practicable, an approximation of the anticipated duration of such Blackout Period), the Investors shall be required to suspend the use of the prospectus for sales of Registrable Securities under the Shelf Registration Statement during any Blackout Period. In the event such Blackout Period is of the type described in clause (ii) of the definition thereof, the Company shall (i) deliver to the Investors a certificate signed by either the chief executive officer or the chief financial officer of the Company certifying that, in the good faith judgment of the

Board, the conditions described in clause (ii) of the definition of Blackout Period have been met. After the expiration of any Blackout Period and without any request or demand from the Investors, the Company to the extent necessary shall as promptly as reasonably practicable prepare and file a post-effective amendment or supplement to the Shelf Registration Statement or the prospectus, or any document incorporated or deemed incorporated therein by reference, or any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the prospectus will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) At any time that a Shelf Registration Statement is effective, if the Investors deliver a notice to the Company (a "Take-Down Notice") (which Take-Down Notices shall not total more than two (2) in the aggregate during any calendar year) stating that the Investors intend to sell all or part of their Registrable Securities included on the Shelf Registration Statement (a "Shelf Offering"), then, the Company shall amend or supplement the Shelf Registration Statement or the prospectus as may be necessary in order to enable such Registrable Securities to be distributed pursuant to the Shelf Offering. In connection with any Shelf Offering that is an Underwritten Offering and where the offering of the securities includes a customary "road show" (including an "electronic road show") or other substantial marketing effort by the Company and the underwriters (a "Marketed Underwritten Shelf Offering"), if the lead managing underwriter(s) advises the Company and the Investors that, in its opinion, the inclusion of all of the securities sought to be sold in connection with such Marketed Underwritten Shelf Offering would adversely affect the success thereof, then there shall be included in such Marketed Underwritten Shelf Offering only such securities as the Investors are advised by such lead managing underwriter(s) can be sold without such adverse effect. Except as otherwise expressly specified in this Section 4.3, any Marketed Underwritten Shelf Offering shall be subject to the same requirements, limitations and other provisions of this ARTICLE IV as would be applicable to a Demand Registration (*i.e.*, as if such Marketed Underwritten Shelf Offering were a Demand Registration), including Section 4.1(g).

4.4. Withdrawal Rights. The Investors, after having notified or directed the Company to include any or all of their Registrable Securities in a registration statement under the Securities Act, shall have the right to withdraw any such notice or direction with respect to any or all of the Registrable Securities designated by it for registration by giving written notice to such effect to the Company. In the event of any such withdrawal, the Company shall not

include such Registrable Securities in the applicable registration (or shall withdraw them from the applicable registration) and such Registrable Securities shall continue to be Registrable Securities for all purposes of this Agreement (subject to the other terms and conditions of this Agreement). No such withdrawal shall affect the obligations of the Company with respect to the Registrable Securities not so withdrawn; provided, however, that in the case of a Demand Registration, if such withdrawal shall reduce the number of Registrable Securities sought to be included in such registration below the Registrable Amount, then the Company shall as promptly as practicable give the Investors notice to such effect and, within ten (10) days following the mailing of such notice, the Investors shall, by written notice to the Company, elect to register additional Registrable Securities to satisfy the Registrable Amount or elect that such registration statement not be filed or, if theretofore filed, be withdrawn. During such ten (10) day period, the Company

shall not file such registration statement if not theretofore filed or, if such registration statement has been theretofore filed, the Company shall not seek, and shall use commercially reasonable efforts to prevent, the effectiveness thereof.

4.5. Holdback Agreements. The Investors agree to enter into customary agreements restricting the public sale or distribution of Equity Securities of the Company (including sales pursuant to Rule 144 under the Securities Act) to the extent required by the lead managing underwriter(s) with respect to an applicable Underwritten Offering during the period commencing on the date of the request (which shall be no earlier than fourteen (14) days prior to the expected "pricing" of such Underwritten Offering) and continuing for not more than ninety (90) days after the date of the "final" prospectus (or "final" prospectus supplement if the Underwritten Offering is made pursuant to a Shelf Registration Statement), pursuant to which such Underwritten Offering shall be made.

If any Demand Registration or Shelf Offering involves an Underwritten Offering, the Company will not effect any public sale or distribution of any common equity (or securities convertible into or exchangeable or exercisable for common equity) (other than a registration statement on Form S-4, Form S-8 or any successor forms thereto) for its own account, within sixty (60) days (plus an extension period as may be proposed by the lead managing underwriter(s) for such Underwritten Offering to address FINRA regulations regarding the publication of research, or such shorter periods as such lead managing underwriter(s) may agree to with the Company), after the effective date of such registration except as may otherwise be agreed between the Company and the lead managing underwriter(s) of such Underwritten Offering.

4.6. Registration Procedures.

(a) If and whenever the Company is required to effect the registration of any Registrable Securities under the Securities Act as provided in Section 4.1, Section 4.2 or Section 4.3, the Company shall as expeditiously as reasonably practicable:

(i) prepare and file with the Commission a registration statement to effect such registration in accordance with the Investors' intended method or methods of distribution of such securities and thereafter use its commercially reasonable efforts to cause such registration statement to become and remain effective pursuant to the terms of this ARTICLE IV; provided, however, that the Company may discontinue any registration of securities which are not Registrable Securities at any time prior to the effective date of the registration statement relating thereto; provided, further, however, that at least ten (10) days before filing such registration statement or any amendment, supplement or exhibit thereto or prospectus included therein, the Company will furnish to the Investors, their counsel and the lead managing underwriter(s), if any, copies of all such documents proposed to be filed, which documents will be subject to the review and reasonable comment of the Investors and their counsel, and other documents reasonably requested by the Investors and their counsel, including any comment letters or other communications from the Commission, and, if requested by the Investors and/or their counsel, provide the Investors and their counsel reasonable opportunity to participate in

the preparation of such registration statement, amendment, supplement, exhibit and each prospectus included therein;

(ii) prepare and file with the Commission such amendments, supplements and exhibits to such registration statement and the prospectus used in connection therewith as may be necessary to make and to keep such registration statement effective pursuant to the terms of this ARTICLE IV, and comply with the applicable provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement;

(iii) if requested by the lead managing underwriter(s), if any, or the Investors, promptly include in a prospectus supplement or post-effective amendment such information as the lead managing underwriter(s), if any, or the Investors may reasonably request in order to permit or facilitate the intended method of distribution of such securities and make all required filings of such prospectus supplement or such post-effective amendment as soon as reasonably practicable after the Company has received such request; provided, however, that the Company shall not be required to take any actions under this Section 4.6(a)(iii) that are not, in the opinion of counsel for the Company, in compliance with Applicable Law;

(iv) furnish to the Investors and each underwriter, if any, of the securities being sold by the Investors such number of conformed copies of such registration statement and of each amendment and supplement thereto and document incorporated or deemed incorporated by reference therein, such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus) and each free writing prospectus (as defined in Rule 405 of the Securities Act) (a "Free Writing Prospectus") utilized in connection therewith and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents as the Investors and each underwriter, if any, may reasonably request in order to permit or facilitate the public sale or other disposition of the Registrable Securities owned by the Investors;

(v) use its commercially reasonable efforts to cooperate with the Investors, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities covered by such registration statement under such other securities laws or "blue sky" laws of such jurisdictions as the Investors and any underwriter of the securities being sold by the Investors shall reasonably request, and to use commercially reasonable efforts to keep each such registration or qualification (or exemption therefrom) effective during the period such registration statement is required to be kept effective and take any other action which may be necessary or reasonably advisable to enable the Investors and underwriters to consummate the disposition in such jurisdictions

of the Registrable Securities owned by the Investors, except that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this Section 4.6(a)(v) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction or (C) file a general consent to service of process in any such jurisdiction;

(vi) use its commercially reasonable efforts to cause such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed;

(vii) use its commercially reasonable efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other Governmental Entities as may be reasonably necessary to enable the Investors to consummate the disposition of such Registrable Securities;

(viii) use its commercially reasonable efforts to provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration statement;

(ix) enter into an underwriting agreement (in form, scope and substance as is customary in Underwritten Offerings) and use its commercially reasonable efforts to take all such other actions reasonably requested by the holders of a majority of the Registrable Securities being sold in connection therewith (including those reasonably requested by the lead managing underwriter(s), if any) to expedite or facilitate the disposition of such Registrable Securities, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Offering, (A) make such representations and warranties to the holders of such Registrable Securities and the underwriters, if any, with respect to the business of the Company and its Subsidiaries, and the registration statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers in Underwritten Offerings, and, if true, confirm the same if and when requested, (B) if an underwriting agreement has been entered into, the same shall contain indemnification provisions and procedures substantially to the effect set forth in Section 4.9 hereof with respect to all parties to be indemnified pursuant to such Section and (C) deliver such documents and certificates as reasonably requested by the holders of a majority of the Registrable Securities being sold, their counsel and the lead managing underwriters(s), if any, to evidence the continued validity of the representations and warranties made pursuant to this Section 4.6(a)(ix) and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company. The foregoing shall be done at each closing under such underwriting or similar agreement, or as and to the extent required thereunder;

(x) in connection with an Underwritten Offering, use its commercially reasonable efforts to deliver or arrange for the delivery to the Investors and each underwriter(s) (A) opinions of counsel for the Company, in the customary form and scope and covering the matters customarily covered in opinions delivered in Underwritten Offerings and such other matters as may be reasonably requested by the Investors and such underwriter(s) and (B) “comfort” letters and updates thereof (or, in the case of any such Person which does not satisfy the conditions for receipt of a “comfort” letter specified in Statement on Auditing Standards No. 72, an “agreed upon procedures” letter) signed by the independent public accountant who has certified the Company’s

financial statements included in such registration statement, covering the matters customarily covered in “comfort” letters in connection with Underwritten Offerings;

(xi) make available for inspection by the Investors, any underwriter participating in any disposition pursuant to any registration statement, and any attorney, accountant or other agent or representative retained in connection with such offering by the Investors or such underwriter (collectively, the “Inspectors”), financial and other records, corporate documents and properties of the Company (collectively, the “Records”), as shall be reasonably requested, to enable them to exercise their due diligence responsibility, and cause the officers, directors and employees of the Company and its Subsidiaries to supply all information in each case reasonably requested by any such representative, underwriter, attorney, agent or accountant in connection with such registration statement; provided, however, that the Company shall not be required to provide any information under this Section 4.6(a)(xi) if (A) the Company believes, after consultation with counsel for the Company, that to do so would cause the Company to forfeit an attorney-client privilege that was applicable to such information or (B) if either (1) the Company has requested and been granted from the Commission confidential treatment of such information contained in any filing with the Commission or documents provided supplementally or otherwise or (2) the Company reasonably determines in good faith that such Records are confidential and so notifies the Inspectors in writing; unless prior to furnishing any such information with respect to clause (1) or (2) the Investors requesting such information enters into, and causes each of its Inspectors to enter into, a confidentiality agreement on customary terms; provided, further, however, that the Investors agree that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction or by another Governmental Entity, give notice to the Company and allow the Company, at its expense, to undertake appropriate action seeking to prevent disclosure of the Records deemed confidential;

(xii) as promptly as practicable notify in writing the Investors and the underwriters, if any, of the following events: (A) the filing of the registration statement, any amendment or supplement thereto, the prospectus or any prospectus supplement related thereto or post-effective amendment to the registration statement or any Free Writing Prospectus utilized in connection therewith, and, with respect to the registration statement or any post-effective amendment thereto, when the same has become effective; (B) any request by the Commission or any other Governmental Entity for amendments or supplements to the registration statement or the prospectus or for additional information; (C) the issuance by the Commission of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose; (D) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or “blue sky” laws of any jurisdiction or the initiation or threat of any proceeding for such purpose; and (E) unless a Blackout Period is then in effect, upon the happening of any event that makes any statement made in such registration statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such registration statement, prospectus or documents so that, in the case of the registration statement, it will not contain any untrue statement of a material fact or omit to state any material fact required

to be stated therein or necessary to make the statements therein not misleading, and that, in the case of the prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and, at the request of the Investors, promptly prepare and furnish to the Investors a reasonable number of copies of a supplement to or an amendment of such registration statement or prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(xiii) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction as promptly as reasonably practicable, except that, subject to the requirements of Section 4.6(a)(v), the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (xiii) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction or (C) file a general consent to service of process in any such jurisdiction;

(xiv) cooperate with the Investors and the lead managing underwriter(s) to facilitate the timely preparation and delivery of certificates, if any (which shall not bear any restrictive legends unless required under Applicable Law) representing securities sold under any registration statement, and enable such securities to be in such denominations and registered in such names as the lead managing underwriter(s) or the Investors may request and keep available and make available to the Company's transfer agent prior to the effectiveness of such registration statement a supply of such certificates;

(xv) cooperate with each seller of Registrable Securities and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA; and

(xvi) have appropriate officers of the Company prepare and make presentations at a reasonable number of "road shows" and before analysts and other information meetings reasonably organized by the underwriters, and otherwise use its commercially reasonable efforts to facilitate, cooperate with and participate in, as reasonably requested by the Investors and the underwriters in the offering, the marketing or selling of the Registrable Securities.

(b) The Company may require the Investors and each underwriter, if any, to furnish the Company in writing such information regarding the Investors or underwriter and the distribution of such Registrable Securities as may be required to complete or amend the information required by such registration statement.

(c) The Investors agree that upon receipt of any notice from the Company of the happening of any event of the kind described in clauses (B), (C), (D), and (E) of Section 4.6(a)(xii), the Investors shall forthwith discontinue the Investors' disposition of Registrable Securities pursuant to the applicable registration statement and prospectus relating thereto until the Investors' receipt of the copies of the supplemented or amended prospectus contemplated by Section 4.6(a)(xii), or until it is advised in writing by the Company that the use of the applicable prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such prospectus; provided, however, that the Company shall extend the time periods under Section 4.1(c) with respect to the length of time that the effectiveness of a registration statement must be maintained by the amount of time the holder is required to discontinue disposition of such securities.

(d) With a view to making available to the holders of Registrable Securities the benefits of Rule 144 under the Securities Act and any other rule or regulation of the Commission that may at any time permit a holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3 (or any successor form), the Company shall:

(i) use its commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(ii) use its commercially reasonable efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Exchange Act, at any time when the Company is subject to such reporting requirements; and

(iii) furnish to the Investors so long as the Investors own Registrable Securities, promptly upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act and of the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed or furnished by the Company with the Commission as the Investors may reasonably request in connection with the sale of Registrable Securities without registration (in each case to the extent not readily publicly available).

4.7. Registration Expenses. All fees and expenses incident to the Company's performance of its obligations under this ARTICLE IV, including (a) all registration and filing fees, including all fees and expenses of compliance with securities and "blue sky" laws (including the reasonable and documented fees and disbursements of counsel for the underwriters in connection with "blue sky" qualifications of the Registrable Securities pursuant to Section 4.6(a)(v)) and all fees and expenses associated with filings required to be made with FINRA (including, if applicable, the fees and expenses of any "qualified independent underwriter" as such term is defined in FINRA Rule 5121), (b) all printing (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by a holder of Registrable Securities) and copying expenses, (c) all messenger,

telephone and delivery expenses, (d) all fees and expenses of the Company's independent certified public accountants and counsel (including with respect to "comfort" letters and opinions) and counsel for the Investors, and (e) expenses of the Company incurred in connection with any "road show", shall be borne solely by the Company whether or not any registration statement is filed or becomes effective. In connection with the Company's performance of its obligations under this ARTICLE IV, the Company will pay its internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties and the expense of any annual audit) and the expenses and fees for listing the securities to be registered on each securities exchange and included in each established over-the-counter market on which similar securities issued by the Company are then listed or traded. The Investors shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale of the Investors' Registrable Securities pursuant to any registration.

4.8. Miscellaneous. (a) Not less than ten (10) Business Days before the expected filing date of each registration statement pursuant to this Agreement, the Company shall notify the Investors of the information, documents and instruments from such holder that the Company or any underwriter reasonably requests in connection with such registration statement, including a questionnaire, custody agreement, power of attorney, lock-up letter and underwriting agreement.

(b) From and after the date of this Agreement, the Company shall not, without the prior written consent of the Investors, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder to (i) require the Company to effect a registration or (ii) include any securities in any registration filed under Section 4.1, Section 4.2 or Section 4.3 hereof unless, in each case, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not diminish the amount of Registrable Securities that are included in such registration.

4.9. Registration Indemnification.

(a) The Company agrees, without limitation as to time, to indemnify and hold harmless, to the fullest extent permitted by law, the Investors and their Affiliates and their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Investors or such other indemnified Person and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents of each such controlling Person, each underwriter, if any, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such underwriter, from and against all losses, claims, damages, liabilities, costs, expenses (including reasonable expenses of investigation and reasonable attorneys' fees and expenses), judgments, fines, penalties, charges and amounts paid in settlement (collectively, the "Losses"), as incurred, arising out of, caused by, resulting from or relating to (A) any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus or preliminary prospectus or Free Writing Prospectus prepared pursuant to this Agreement or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading,

(B) any violation or alleged violation by the Company of any federal, state or common law rule or regulation applicable to the Company in connection with any such registration, qualification, compliance or sale, or (C) any failure to register or qualify Registrable Securities in any state where the Company or its agents have affirmatively undertaken or agreed in writing that the Company (the undertaking of any underwriter being attributed to the Company) will undertake such registration or qualification on behalf of the Investors of such Registrable Securities (provided, that in such instance the Company shall not be so liable if it has undertaken its commercially reasonable efforts to so register or qualify such Registrable Securities), and (without limitation of the preceding portions of this Section 4.9(a)) will reimburse, as incurred, the Investors, each of their Affiliates, and each of their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents and each such Person who Controls the Investors or each of their Affiliates and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents of each such controlling Person, each such underwriter and each such Person who Controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, except insofar as the same is caused by any information furnished in writing to the Company expressly for inclusion therein by Investor or any underwriter.

(b) In connection with any registration statement in which the Investors are participating, the Investors shall indemnify the Company, its directors and officers, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Company, from and against all Losses, as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue statement) of material fact contained in the registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (without limitation of the preceding portions of this Section 4.9(b)) will reimburse the Company, its directors and officers and each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, in each case, solely to the extent, but only to the extent, that such untrue statement or omission is made in such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with information furnished in writing to the Company expressly for inclusion therein by the Investors; provided, however, that the aggregate liability of the Investors hereunder shall be limited to the gross proceeds after underwriting discounts and commissions received by the Investors upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Any Person entitled to indemnification hereunder shall give prompt written notice to the indemnifying Party of any claim with respect to which it seeks indemnification; provided, however, the failure to give such notice shall not release the indemnifying Party from its obligation, except to the extent that the indemnifying Party has been actually prejudiced by such failure to provide such notice on a timely basis.

(d) In any case in which any such action is brought against any indemnified Party, and it notifies an indemnifying Party of the commencement thereof, the indemnifying Party will be entitled to participate therein, and, to the extent that it may wish, to assume and control the defense thereof, with counsel reasonably satisfactory to such indemnified Party, and after notice from the indemnifying Party to such indemnified Party of its election so to assume the defense thereof and acknowledging the obligations of the indemnifying Party with respect to such proceeding, the indemnifying Party will not (so long as it shall continue to have the right to defend, contest, litigate and settle the matter in question in accordance with this paragraph) be liable to

such indemnified Party hereunder for any legal or other expense subsequently incurred by such indemnified Party in connection with the defense thereof (unless (i) such indemnified Party reasonably objects to such assumption on the grounds that, based on advice of counsel, there may be defenses available to it which are different from or in addition to the defenses available to such indemnifying Party and, as a result, a conflict of interest exists or (ii) the indemnifying Party shall have failed within a reasonable period of time to assume such defense and the indemnified Party is or would reasonably be expected to be materially prejudiced by such delay, in either event the indemnified Party shall be promptly reimbursed by the indemnifying Party for the expenses incurred in connection with retaining one separate legal counsel (for the avoidance of doubt, for all indemnified parties in connection therewith)). For the avoidance of doubt, notwithstanding any such assumption by an indemnifying Party, the indemnified Party shall have the right to employ separate counsel in any such matter and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified Party except as provided in the previous sentence. An indemnifying Party shall not be liable for any settlement of an action or claim effected without its consent. No matter shall be settled by an indemnifying Party without the consent of the indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), unless such settlement (x) includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified Party of a release from all liability in respect to such claim or litigation, (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified Party and (z) is settled solely for cash for which the indemnified Party would be entitled to indemnification hereunder.

(e) The indemnification provided for under this Agreement shall survive the Transfer of the Registrable Securities and the termination of this Agreement.

ARTICLE V

DEFINITIONS

5.1. Defined Terms. Capitalized terms when used in this Agreement have the meanings set forth in this Agreement or, when so indicated, in the applicable Transaction Agreement. As used in this Agreement:

"Acquisition Transaction" means any transaction or series of related transactions involving: (i) (a) any acquisition (whether direct or indirect, including by way of merger, share exchange, consolidation, business combination or other similar transaction) or purchase from the Company or any of its Subsidiaries that would result in any Person or Group Beneficially

Owning fifty percent (50%) or more in interest of the total outstanding Equity Securities of the Company or any of its Subsidiaries (measured by voting power or economic interest), or (b) any tender offer, exchange offer or other secondary acquisition that would result in any Person or Group Beneficially Owning fifty percent (50%) or more in interest of the total outstanding Equity Securities of the Company or any of its Subsidiaries (measured by voting power or economic interest), or (c) any merger, consolidation, share exchange, business combination or similar transaction involving the Company or any of its Subsidiaries that would result in the stockholders of the Company immediately preceding such transaction Beneficially Owning less than fifty percent (50%) in interest of the total outstanding Equity Securities in the surviving or resulting entity of such transaction (measured by voting power or economic interest); provided, that this clause (c) shall not apply if such transaction or series of related transactions is an acquisition by the Company effected, in whole or in part, through the issuance of Equity Securities of the Company; (ii) any sale or lease or exchange, transfer, license or disposition of a business, deposits or assets that constitute fifty percent (50%) or more of the consolidated assets, business, revenues, net income, assets or deposits of the Company; or (iii) any liquidation or dissolution of the Company.

"Adjusted VWAP Price Per Share" has the meaning set forth in the Investment Agreements.

"AF" has the meaning set forth in the Preamble.

"AF Investment Agreement" has the meaning set forth in the Recitals.

"AF Observer" has the meaning set for in Section 1.1(f).

"AF Shares" has the meaning ascribed to "Investor Shares" as set forth in the AF Investment Agreement.

"Affiliate" means (except as specifically otherwise defined), when used with respect to a specified Person, a Person that, directly or indirectly, through one (1) or more intermediaries, Controls, is Controlled by, or is Under common Control with, such specified Person; provided that (x) from and after the date hereof, (a) neither the Company nor any of its Subsidiaries shall be considered an Affiliate of Parent or any of its Subsidiaries or of any Affiliate of Parent or its Subsidiaries; and (b) neither Parent nor any of its Subsidiaries shall be considered an Affiliate of the Company or any of its Subsidiaries or of any Affiliate of the Company or its Subsidiaries and (y) no Portfolio Company of PV shall be deemed an Affiliate of PV. Notwithstanding anything herein to the contrary, with respect to AF, "Affiliate" shall mean (i) Zhejiang Ant Small and Micro Financial Services Group Co., Ltd., or (ii) a Person that, directly or indirectly, through one (1) or more intermediaries, is Controlled by Zhejiang Ant Small and Micro Financial Services Group Co., Ltd., but in any event excluding the Persons listed in Annex B of the AF Investment Agreement and their respective controlled Persons; provided, that solely for purposes of Section 2.2 hereof, the first two Persons set forth on Annex B shall only be excluded to the extent such Persons would not otherwise by deemed to be an Affiliate under this definition. For purposes of this definition, "Portfolio Company of PV" shall mean any Person in which any pooled investment fund or managed account managed and/or advised by Primavera Capital GP II Ltd. and/or its Affiliates has made an investment (including without limitation direct or indirect

investments in shares, debentures, convertible loan stock, options, swaps, forward contracts, other derivative contracts, guarantees, warrants, debt instruments and loans (whether secured, unsecured or subordinated) other than such Person in which the Fund and other Affiliates of the Fund are the sole non-management investors.

"Agreement" has the meaning set forth in the Preamble.

"Applicable Law" means any applicable national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Entity.

"Beneficially Own" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Exchange Act), including pursuant to any agreement, arrangement or understanding, whether or not in writing.

"Blackout Period" means (i) any regular quarterly period during which directors and executive officers of the Company are not permitted to trade under the insider trading policy of the Company then in effect and (ii) in the event that the Company determines in good faith that the registration or offering would reasonably be expected to materially adversely affect or materially interfere with any bona fide material financing of the Company or any material transaction under consideration by the Company or would require disclosure of information that has not been, and is not otherwise required to be, disclosed to the public, the premature disclosure of which would adversely affect the Company, a period of up to sixty (60) days; provided, that a Blackout Period described in this clause (ii) may not occur more than once in any period of twelve (12) consecutive months.

"Board" has the meaning set forth in Section 1.1(a).

"Board Observer" has the meaning set forth in Section 1.1(f).

"Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions are generally authorized or required by law to close in the cities of New York, New York, Dallas, Texas, Hong Kong, Singapore and Shanghai, China.

"Bylaws" means the Amended and Restated Bylaws of the Company.

"Certificate" means the Amended and Restated Certificate of Incorporation of the Company.

"Change of Control" means any transaction or series of related transactions involving: (i) (a) any acquisition (whether direct or indirect, including by way of merger, share exchange, consolidation, business combination or other similar transaction) or purchase from the Company or any of its Subsidiaries that would result in any Person or Group Beneficially Owning fifty percent (50%) or more in interest of the total outstanding Equity Securities of the Company or any of its Subsidiaries (measured by voting power or economic interest), or (b) any tender offer, exchange offer or other secondary acquisition that would result in any Person or Group

Beneficially Owning fifty percent (50%) or more in interest of the total outstanding Equity Securities of the Company or any of its Subsidiaries (measured by voting power or economic interest), or (c) any merger, consolidation, share exchange, business combination or similar transaction involving the Company or any of its Subsidiaries that would result in the stockholders of the Company immediately preceding such transaction (the "Pre-Transaction Stockholders") Beneficially Owning less than fifty percent (50%) in interest of the total outstanding Equity Securities in the surviving or resulting entity of such transaction (measured by voting power or economic interest); provided, that this clause (c) shall not apply if (1) such transaction or series of related transactions is an acquisition by the Company effected, in whole or in part, through the issuance of Equity Securities of the Company and (2) the Pre-Transaction Stockholders continue to Beneficially Own, directly or indirectly, at least fifty percent (50%) of the outstanding Equity Securities (measured by voting power and economic interest); (ii) any sale or lease or exchange, transfer, license or disposition of a business, deposits or assets that constitute fifty percent (50%) or more of the consolidated assets, business, revenues, net income, assets or deposits of the Company; or (iii) any liquidation or dissolution of the Company.

"China Division" has the meaning set forth in the Investment Agreements.

"Closing" has the meaning set forth in the Investment Agreements.

"Commission" means the U.S. Securities and Exchange Commission or any other federal agency administering the Securities Act.

"Company" has the meaning set forth in the Preamble.

"Company Common Stock" means shares of the Company's common stock, par value $0.01 per share.

"Company Policies" has the meaning set forth in Section 1.1(h).

"Competing Business" has the meaning set forth in Schedule 1.1 to the PV Investment Agreement.

"Confidential Information" means all information (irrespective of the form of communication, and irrespective of whether obtained prior to or after the date hereof) provided to any Investor or its representatives by or on behalf of the Company or its respective representatives, other than information which (i) was or becomes available to the public other than as a result of (A) a breach of this Agreement by any Investor or any of its representatives or (B) improper or unlawful action on the part of any Investor or any of its representatives, (ii) was or becomes available to an Investor or any of its representatives on a non-confidential basis from a source other than the Company or its representatives; provided that the source thereof is not known by such Investor or such of its representatives to be bound by an obligation of confidentiality to the Company in respect of such information, (iii) is independently developed by an Investor or such of its representatives without the use of any such information that would otherwise be Confidential Information hereunder. Subject to clauses (i)-(iii) above, Confidential Information also includes all non-public information previously provided by the Company or its representatives under the provisions of the Confidentiality Agreement.

"Confidentiality Agreement" has the meaning set forth in the Investment Agreements.

"Contract" has the meaning given to it in the Investment Agreements.

"Control" means (including, with its correlative meanings "Controlled by" and "Under common Control with"), when used with respect to any specified Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other ownership interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise.

"Demand" has the meaning set forth in Section 4.1(a).

"Demand Registration" has the meaning set forth in Section 4.1(a).

"Distribution" has the meaning set forth in the Investment Agreements.

"Effective Time" has the meaning set forth in the Investment Agreements.

"Engages" and "Engaged" has the meaning set forth in Schedule 1.1 to the PV Investment Agreement.

"Equity Securities" means any and all (i) shares, interests, participations or other equivalents (however designated) of capital stock or other voting securities of a corporation, any and all equivalent or analogous ownership (or profit) or voting interests in a Person (other than a corporation), (ii) securities convertible into or exchangeable for shares, interests, participations or other equivalents (however designated) of capital stock or voting securities of (or other ownership or profit or voting interests in) such Person, and (iii) any and all warrants, rights or options to purchase any of the foregoing, whether voting or nonvoting, and, in each case, whether or not such shares, interests, participations, equivalents, securities, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any similar federal statute and the rules and regulations thereunder, as in effect from time to time.

"Executive Committee" means an executive committee of the Board or any committee performing the functions of an executive committee of the Board.

"FH" has the meaning set forth in Section 1.1(a).

"FINRA" means the Financial Industry Regulatory Authority.

"Form S-3" has the meaning set forth in Section 4.3(a).

"Free Writing Prospectus" has the meaning set forth in Section 4.6(a)(iv).

"Fund" has the meaning set forth in the Investment Agreements.

"Government Official" has the meaning set forth in Section 2.3.

"Governmental Entity" means any supranational, national, federal, state, municipal, local or foreign government, any instrumentality, subdivision, court, agency, department, board, tribunal, commission or other authority thereof, any public international organization, any arbitral tribunal, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority.

"Group" has the meaning assigned to such term in Section 13(d)(3) of the Exchange Act.

"Independent Director" means a member of the Board who qualifies, as of the date of such member's appointment and as of any other date on which the determination is being made, (a) as an "Independent Director" under the listing requirements of the New York Stock Exchange, as amended from time to time, and (b) as an "Independent Director" under Rule 10(A)-3 under the Exchange Act as well as any other requirements of the U.S. securities laws which are then applicable to the Company.

"Inspectors" has the meaning set forth in Section 4.6(a)(xi).

"Investment" has the meaning set forth in the Recitals.

"Investment Agreements" has the meaning set forth in the Recitals.

"Investor" and "Investors" have the meanings set forth in the Preamble.

"Investor Designee" has the meaning set forth in Section 1.1(b).

"Investor Shares" has the meaning set forth in the Investment Agreements.

"Issuer Agreement" has the meaning set forth in Section 1.4.

"Losses" has the meaning set forth in Section 4.9(a).

"Marketed Underwritten Shelf Offering" has the meaning set forth in Section 4.3(d).

"Measurement Period" has the meaning set forth in the Investment Agreements.

"Non-Liable Persons" has the meaning set forth in Section 6.16.

"Parent" has the meaning set forth in the Recitals.

"Parties" has the meaning set forth in the Preamble.

"Permitted Loan" means any bona fide loans or other extensions of credit entered into by an Investor or any of its Affiliates with one or more financial institutions and secured by a pledge, hypothecation or other grant of security interest in the Investor Shares, Warrants, Warrant Shares, any other shares of Company Common Stock and/or related assets and/or cash, cash equivalents and/or letters of credit.

"Permitted Transferee" means any Affiliate (other than any individual) of an Investor; provided, that such Transferee would continue to qualify as a Permitted Transferee of such

Investor, as applicable if such Transfer were to take place as of any time of determination (and, in the event that such Transferee would no longer so qualify, such Transferee shall immediately Transfer back the Transferred securities to such Investor, as applicable, and such initial Transfer shall, to the fullest extent permitted by law, be null and void *ab initio*, and the Company shall no longer, and shall instruct its transfer agent and other third parties to no longer, record or recognize such initial Transfer on the share register of the Company).

"Permitted Transfers" has the meaning set forth in Section 2.1(b).

"Permitted Warrant Hedge" has the meaning set forth in Section 2.1(a).

"Person" means an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an association, an unincorporated organization, or another entity or group (as defined in the Exchange Act), including any Governmental Entity.

"Piggyback Notice" has the meaning set forth in Section 4.2(a).

"Piggyback Registration" has the meaning set forth in Section 4.2(a).

"Plan of Reorganization" has the meaning set forth in the Investment Agreements.

"Portfolio Company" of an Investor means, (i) with respect to PV, any Person in which a Primavera Fund has made a Portfolio Investment, and (ii) with respect to AF, any Person in which AF or any of its Affiliates has made a Portfolio Investment.

"Portfolio Investment" means an investment made by a Primavera Fund or AF, as applicable, including (but not limited to) direct or indirect investments in shares, debentures, convertible loan stock, options, swaps, forward contacts, other derivative contracts, guarantees, warrants, debt instruments and loans (whether secured, unsecured or subordinated).

"Primavera Fund" means any pooled investment fund or managed account which is managed and/or advised by Primavera Capital GP II Ltd. and/or its Affiliates.

"Prohibited Person" means any Person that appears on any list issued by an applicable Governmental Entity or the United Nations with respect to money laundering, terrorism financing, drug trafficking, or economic or arms embargoes or is a Competing Business.

"PV" has the meaning set forth in the Preamble.

"PV Investment Agreement" has the meaning set forth in the Recitals.

"PV Observer" has the meaning set forth in Section 1.1(f).

"PV Shareholding Requirement" has the meaning set forth in Section 1.1(b).

"PV Shares" has the meaning ascribed to "Investor Shares" set forth in the PV Investment Agreement.

"Qualified Director" has the meaning set forth in Section 1.1(d).

"Records" has the meaning set forth in Section 4.6(a)(xi).

"Reference Price" has the meaning set forth in Section 2.1(a).

"Registrable Amount" means an amount of Registrable Securities having an aggregate value of at least $150 million (based on the anticipated offering price (as reasonably determined in good faith by the Company)), without regard to any underwriting discount or commission, or such lesser amount of Registrable Securities as would result in the disposition of all of the Registrable Securities Beneficially Owned by the Investors; provided, that such lesser amount shall have an aggregate value of at least $50 million (based on the anticipated offering price (as reasonably determined in good faith by the Company)), without regard to any underwriting discount or commission.

"Registrable Securities" means (i) the Investor Shares, (ii) the Warrant Shares; (iii) any other stock or securities that the Investors may be entitled to receive, or will have received, pursuant to the Investors' ownership of the Investor Shares, in lieu of or in addition to the Investor Shares, or (iv) any Equity Securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clauses by way of conversion or exchange thereof

or by share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other reorganization. As to any particular securities constituting Registrable Securities, such securities will cease to be Registrable Securities when (x) they have been registered pursuant to an effective registration statement filed under the Securities Act and disposed of in accordance with such registration statement, (y) they have been sold pursuant to Rule 144 or Rule 145 or other exemption from registration under the Securities Act, or (z) they cease to be owned by the Investors or a Permitted Transferee.

"Regulation FD" means Regulation FD as promulgated by the SEC under the Securities Act and Exchange Act.

"Resignation Letter" has the meaning set forth in Section 1.1(a).

"Restricted Period" has the meaning set forth in Section 2.1(a).

"Rule 144" means Rule 144 under the Securities Act or any successor or similar rule as may be enacted by the Commission from time to time, as in effect from time to time.

"Rule 145" means Rule 145 under the Securities Act or any successor or similar rule as may be enacted by the Commission from time to time, as in effect from time to time.

"Rule 415" means Rule 415 under the Securities Act or any successor or similar rule as may be enacted by the Commission from time to time, as in effect from time to time.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute and the rules and regulations thereunder, as in effect from time to time.

"Shelf Offering" has the meaning set forth in Section 4.3(d).

"Shelf Registration Statement" has the meaning set forth in Section 4.3(a).

"Standstill Period" means the period from the execution of this Agreement until the date that is six (6) months after the date on which no Investor Designee serves as a director on the Board and PV either no longer has any rights under this Agreement to designate an Investor Designee to serve on the Board or has irrevocably waived, in writing, any such rights; provided that the Standstill Period shall terminate upon the occurrence of a Change of Control.

"Subsidiary" means, when used with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (i) Beneficially Owns, either directly or indirectly, more than fifty percent (50%) of (A) the total combined voting power of all classes of voting securities, (B) the total combined equity interests, or (C) the capital or profit interests, in the case of a partnership, or (ii) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors of such Person. Unless the context otherwise requires, a reference to a "Subsidiary" of the Company shall be a reference to a Subsidiary of the Company after giving effect to the Plan of Reorganization.

"Take-Down Notice" has the meaning set forth in Section 4.3(d).

"Total Voting Power" at any time shall mean the total combined voting power in the general election of directors of all the Equity Securities then outstanding.

"Transaction Agreement" has the meaning set forth in the Investment Agreements.

"Transfer" means (i) any direct or indirect offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), either voluntary or involuntary, or entry into any contract, option or other arrangement or understanding with respect to any offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), of any capital stock or interest in any capital stock or Equity Security or (ii) in respect of any capital stock, interest in any capital stock, or Equity Security, to enter into any swap or any other agreement, transaction or series of transactions that hedges or transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of such capital stock, interest in capital stock, or Equity Security, whether any such swap, agreement, transaction or series of transactions is to be settled by delivery of securities, in cash or otherwise. "Transferee" means a Person to whom a Transfer is made or is proposed to be made.

"Ultimate Standstill Level" has the meaning set forth in Section 2.2(b).

"Underwritten Offering" means a sale of securities of the Company to an underwriter or underwriters for reoffering to the public.

"Warrant Shares" has the meaning set forth in the Investment Agreements.

"Warrants" has the meaning set forth in the Investment Agreements.

5.2. Terms Generally. The words "hereby," "herein," "hereof," "hereunder" and words of similar import refer to this Agreement as a whole and not merely to the specific section, paragraph or clause in which such word appears. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The definitions given for terms in this ARTICLE V and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. References herein to any agreement or letter (including the Investment Agreements) shall be deemed references to such agreement or letter as it

may be amended, restated or otherwise revised from time to time. Whenever a reference is made to the business being operated "in the ordinary course consistent with past practice" such reference shall refer to the business of the China Division.

ARTICLE VI

MISCELLANEOUS

6.1. Term. This Agreement will be effective as of the date hereof (or, if the Closing contemplated by the AF Investment Agreement shall not have occurred on the date hereof, then this Agreement will be effective as of the date hereof only with respect to the Company and PV, and will become effective with respect to AF in accordance with Section 6.17), and will continue in effect thereafter until the earliest of (a) the written consent of all Parties hereto or their respective successors in interest, (b) except for those provisions of this Agreement that terminate as of a date specified in such provisions, which provisions shall terminate in accordance with the terms thereof, the date on which neither Investor holds any shares of, or any other securities of the Company convertible, exchangeable or exercisable for shares of Company Common Stock, (c) a Change of Control or (d) the dissolution, liquidation or winding up of the Company.

6.2. No Inconsistent Agreements. The Company will not hereafter enter into any agreement with respect to its securities which is inconsistent with or violates the rights granted to the Investors in this Agreement.

6.3. Legend.

(a) If and to the extent shares of Company Common Stock, Warrants or Warrant Shares are in certificate form, all certificates representing the shares of Company Common Stock held by each shareholder shall bear a legend substantially in the following form:

"The securities evidenced by this certificate have been issued and sold without registration under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other foreign, federal, state, local or other jurisdiction (a "Foreign or State Act"). The securities evidenced by this certificate cannot be sold, assigned or otherwise transferred unless such sale, assignment or other transfer is (i) made pursuant to an effective registration statement under the Securities Act and in accordance with

each applicable Foreign or State Act or (ii) exempt from, or not subject to, the Securities Act (including pursuant to Regulation S thereunder) and each applicable Foreign or State Act. If the proposed sale, assignment or other transfer will be made pursuant to clause (ii) above, the holder must, prior to such sale, assignment or other transfer, furnish to the issuer such certifications, legal opinions and other information as the issuer may reasonably require to determine that such sale, assignment or other transfer is being made in accordance with such clause.

The securities evidenced by this certificate are subject to restrictions on transfer set forth in the Shareholders Agreement dated [·], 2016, among the Company and certain other parties thereto (a copy of which is on file with the Secretary of the Company)."

(b) Upon the permitted sale of any shares of Company Common Stock, Warrants or Warrant Shares pursuant to (i) an effective registration statement under the Securities Act or pursuant to Rule 144, or (ii) another exemption from registration under the Securities Act or upon the termination of this Agreement, the certificates, if any, representing such shares of Company Common Stock shall be replaced, at the expense of the Company, with certificates or instruments not bearing the legends required by this Section 6.3; provided that the Company may condition such replacement of certificates under the foregoing clause (ii) upon the receipt of an opinion of securities counsel retained by each Investor at each Investor's expense and reasonably satisfactory to the Company.

6.4. Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) upon confirmation of receipt if delivered by telecopy or telefacsimile, (c) on the second Business Day following the date of dispatch if delivered by a recognized next-day courier service, or (d) on the date received if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

if to the Company, to:

Yum China Holdings, Inc.
16/F Two Grand Gateway
3 Hongqiao Road
Shanghai 200030
The People's Republic of China
Attention: Shella Ng, Chief Legal Officer
Facsimile: +86-21-2407-7898

with a copy (which shall not constitute notice) to:

Sidley Austin LLP
One South Dearborn Street
Chicago, Illinois 60603
Attention: Paul L. Choi
Beth E. Flaming

Facsimile: (312) 853-7036

and

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Benjamin M. Roth
Facsimile: (212) 403-2000

if to PV, to:

Pollos Investment L.P.
c/o Primavera Capital Limited
28th Floor, 28 Hennessy Road
Hong Kong
Attention: Ena Leung
Facsimile: +852-3767-5001

with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Patrick J. Naughton
Facsimile: +1-212-455-2502

if to AF, to:

API (Hong Kong) Investment Limited
c/o Zhejiang Ant Small and Micro Financial Services Group Co., Ltd.
Block B, Dragon Times Plaza, 18 Wantang Road, Xihu District
Hangzhou, China 310099
Attention: Jason Zhu
Facsimile: +86-571-8163-5410

with a copy (which shall not constitute notice) to:

Legal Department
c/o Zhejiang Ant Small and Micro Financial Services Group Co., Ltd.

Block B, Dragon Times Plaza, 18 Wantang Road, Xihu District
Hangzhou, China 310099
Facsimile: +86-571-8163-5410

and

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Patrick J. Naughton
Facsimile: +1-212-455-2502

or to such other persons or addresses as may be designated in writing by the Party to receive such notice as provided above.

6.5. Amendment and Waiver. This Agreement may not be amended, supplemented or changed, and any provision hereof cannot be waived, except by an instrument in writing making specific reference to this Agreement signed on behalf of each of the Parties hereto. The failure of any Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

6.6. Interpretation. When a reference is made in this Agreement to Sections, Exhibits or Schedules, such reference shall be to a Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

6.7. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one Party, but all such counterparts taken together will constitute one and the same Agreement.

6.8. Entire Agreement; No Third Party Beneficiaries.

(a) This Agreement, and the Exhibits and Schedules hereto and the other agreements and instruments of the Parties delivered in connection herewith and therewith, when executed, constitute the entire agreement and supersede all prior agreements, understandings, representations and warranties, both written and oral, among the Parties with respect to the subject matter hereof and thereof.

(b) Nothing in this Agreement, express or implied, is intended to or shall confer any rights upon any Person other than the Parties and each such Party's respective heirs, successors and permitted assigns, all of whom shall be third party beneficiaries of this Agreement; provided, that the Persons indemnified under ARTICLE IV are intended third party beneficiaries of ARTICLE IV. For the avoidance of doubt, in no event shall any holder of Parent common stock or any other voting securities of Parent, in each case, in their capacity as such, have any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

6.9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without giving effect to choice of law principles thereof).

6.10. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, and the application of such provision to Persons or circumstances other than those as to which it has been held invalid and unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon any such determination, the Parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect, as closely as possible, the original intent of the Parties.

6.11. Assignment. This Agreement shall not be assignable by any Party without the prior written consent of the other Parties, except that (i) any Investor may assign all or any of its rights and obligations under ARTICLE IV to a transferee in a Permitted Transfer, and (ii) any Investor may assign all or any of its rights and obligations under this Agreement to a Permitted Transferee. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns. Any purported assignment in violation of this Section 6.11 shall be void and of no effect.

6.12. Submission to Jurisdiction; Waivers. Each of PV, AF and the Company hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the Delaware Court of Chancery (or if, (but only if) the Delaware Court of Chancery shall be unavailable, any other court of the State of Delaware or any federal court sitting in the State of Delaware), with respect to any actions, suits or proceedings arising out of or relating to this Agreement and the transactions contemplated hereby and further agree that service of any process, summons, notice or document by registered mail to the addresses set forth on this Agreement shall be effective service of process for any action, suit or proceeding brought against any such Party in any such court. Each of PV, AF, and the Company hereby irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby, in the Delaware Court of Chancery (or if, (but only if) the Delaware Court of Chancery shall be unavailable, any other court of the State of Delaware or any federal court sitting in the State of Delaware), and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF PV, AF, PARENT AND THE COMPANY HEREBY WAIVES TRIAL BY JURY AND/OR ANY DEFENSES BASED UPON THE VENUE, THE INCONVENIENCE OF THE FORUM, OR THE LACK OF PERSONAL JURISDICTION IN ANY ACTION OR SUIT ARISING FROM SUCH DISPUTE WITH JURISDICTION AND/OR VENUE SO SELECTED.

6.13. Enforcement. Each Party hereto acknowledges that money damages would not be an adequate remedy in the event that any of the covenants or agreements in this Agreement are not performed in accordance with its terms, and it is therefore agreed that in addition to and without limiting any other remedy or right it may have, the non-breaching Party will have the right to an injunction, temporary restraining order or other equitable relief in any court of competent jurisdiction enjoining any such breach and enforcing specifically the terms and

provisions hereof. Notwithstanding the foregoing, no Investor will have any right to an injunction to prevent the filing or effectiveness of the Form 10 and the consummation of the Distribution in connection therewith.

6.14. Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

6.15. Mutual Drafting. This Agreement shall be deemed to be the joint work product of PV, AF, and the Company and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

6.16. No-Recourse; No Partnership. Only the Parties shall have any obligation or liability under this Agreement. Notwithstanding anything that may be expressed or implied in this Agreement, no recourse under this Agreement, shall be had against any current or future Affiliate of any Investor, any current or future direct or indirect shareholder, member, general or limited partner, controlling Person or other Beneficial Owners of any Investor, or any such Affiliate, any of their respective representatives or any of the successors and assigns of each of the foregoing (collectively, "Non-Liable Persons"), whether by enforcement of any assessment or any legal or equitable proceeding, or by virtue of any statute, regulation or other Applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Liable Person for any obligation of an Investor under this Agreement for any claim based on, in respect of or by reason of such obligations or their creation; provided that the foregoing shall not apply to any Non-Liable Person who becomes a party to this Agreement in accordance with the terms hereof. Nothing in this Agreement shall be deemed to constitute a partnership among any of the Parties hereto.

6.17. AF Joinder. In the event that the Closing (as defined in the AF Investment Agreement) shall not have occurred on the date hereof, then, upon the occurrence of the Closing (as defined in the AF Investment Agreement), AF shall execute and deliver a deed of adherence, substantially in the form attached hereto as Exhibit D, to the Company and PV, whereupon AF will be joined as a party hereto and shall have the rights and be subject to the obligations hereunder from and after the date of delivery of such deed of adherence; provided that, for the avoidance of doubt, no provision of this Agreement shall be operative with respect to AF until AF becomes a party to this Agreement.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

YUM CHINA HOLDINGS, INC.

By: _____
Name:
Title:

[Signature Page to Shareholders Agreement]

POLLOS INVESTMENT L.P.

By: _____
Name:
Title:

[Signature Page to Shareholders Agreement]

API (HONG KONG) INVESTMENT LIMITED

By: _____
Name:
Title:

[Signature Page to Shareholders Agreement]

Exhibit 10.1

MASTER LICENSE AGREEMENT

Dated [ ], 2016

Between

YUM! RESTAURANTS ASIA PTE. LTD.

And

YUM RESTAURANTS CONSULTING (SHANGHAI) COMPANY LIMITED

TABLE OF CONTENTS

THIS MASTER LICENSE AGREEMENT (this "Agreement") is made and entered into this [ ] day of [ ], 2016 (the "Effective Date") by and between Yum! Restaurants Asia Pte. Ltd., a private limited company organized and existing under the laws of Singapore, having its offices at 99 Bukit Timah Road, #06-00, Singapore 229835 as "master licensee" (for purposes of this Agreement, "Licensor"), and Yum Restaurants Consulting (Shanghai) Company Limited, a company organized under the laws of the People's Republic of China, having its offices at 16/F Two Grand Gateway, 3 Hongqiao Road, Shanghai, the People's Republic of China as "master sublicensee" (for purposes of this Agreement, "Licensee"). Licensor and Licensee are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties".

RECITALS

A. Prior to the Effective Date, the business division of Yum! Brands, Inc. ("Yum"), known as Yum! Restaurants China ("YumChina"), has been primarily responsible for the conduct of the Brand Restaurant Businesses within the People's Republic of China (the "PRC"), and YumChina, by virtue of its status as a business division of Yum and the various International Franchise Agreements entered into from time to time, has been entitled to use certain trademarks and other IP of Yum and its Subsidiaries in connection with such business activities.

B. Prior to or on the Effective Date, the businesses and assets of, and the Subsidiaries of Yum included in, YumChina will be contributed, assigned, transferred, conveyed and delivered to Yum China Holdings, Inc., a Delaware corporation ("SpinCo") and on or about the Effective Date, Yum will distribute to its stockholders the shares of SpinCo owned by Yum, making SpinCo a separate public company, independent from Yum.

C. In connection with such contribution, assignment, transfer, conveyance, delivery and distribution, the Parties desire to enter into a license of and to certain trademarks and other IP of Yum and its remaining Subsidiaries, as further described in this Agreement, in order for SpinCo and its Subsidiaries to continue the operation of the Brand Restaurant Businesses in the Territory.

D. Licensor is a wholly-owned indirect Subsidiary of Yum and has the right to license the trademarks and other IP of Yum and its Subsidiaries necessary for SpinCo and its Subsidiaries to continue to operate the Brand Restaurant Businesses in the Territory; Licensee is a wholly-owned indirect Subsidiary of SpinCo and the entity through which SpinCo intends to continue to operate the Brand Restaurant Businesses in the Territory from and after the Effective Date.

E. SpinCo shall guarantee the obligations of Licensee under this Agreement by executing the form of Guaranty set forth in Exhibit E.

F. The Parties desire that the scope of the license granted pursuant to this Agreement will include trademarks and other IP of Yum and its Subsidiaries used by YumChina in the conduct of the Brand Restaurant Businesses prior to the Effective Date, and will also include, as expressly set out in this Agreement, certain additional trademarks and other IP of Yum and its Subsidiaries that may come into existence after the Effective Date and during the Term.

In consideration of the foregoing and the mutual covenants and consideration set forth herein, the receipt and sufficiency of which are hereby acknowledged, Licensor and Licensee agree as follows:

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1. **DEFINED TERMS** As used in this Agreement, the following terms have the meanings set forth below. Additional terms used in this Agreement are defined as they appear in the body of this Agreement and are referenced in the chart at the end of this Section.

"Additional Brands" means any brand, other than the Brands, that Licensor may, in the future, develop, own or control and for which there exists a branded Restaurant System.

"Affiliate" means, with respect to any named person or entity, any other person or entity controlling, controlled by, or under common control with the named person or entity. As used in this Agreement, unless expressly noted otherwise, each applicable Affiliate of Licensor after giving effect to the separation of YumChina from Yum shall be deemed as included in the definition of Licensor for each provision where Licensor is granting rights pursuant to the terms and conditions hereof or where Licensor is acknowledged or agreed to be the owner of IP.

"Annual Strategic Plan" means Licensee's annual plan for the Brands in the Territory during the upcoming calendar year. Topics for the Annual Strategic Plan should include: (i) material changes to existing Brand Standards or Brand Products; (ii) an overview of proposed advertising and marketing programs for each Brand; (iii) development plans for new Restaurants; (iv) an overview of third party sublicensing for the Brands; (v) any recommendations or proposals from Licensee regarding New Business Opportunities and/or Additional Brands, subject to Section 2.4 (and in each case, the terms upon which it may, in Licensor's sole discretion, be licensed to Licensee); and (vi) Licensee's progress with respect to the Taco Bell Brand Development Initiative..

"Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the U.S., the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future laws, policies, lists and any other requirements of any Governmental Authority (including the United States Department of Treasury Office of Foreign Assets Control and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and/or acts of war.

"Benchmark Year" means each calendar year immediately preceding the corresponding Measurement Period. To illustrate, the first Benchmark Year is January 1, 2016 through December 31, 2016 (corresponding to the first Measurement Period of January 1, 2017 through December 31, 2021) and the second Benchmark Year is January 1, 2017 through December 31, 2017 (corresponding to the second Measurement Period of January 1, 2018 through December 31, 2022).

"Brand" means individually each, and "Brands" means collectively all, of the branded Restaurant Systems identified in Exhibit A, and which are primarily known by their respective brand and business names ("Brand Names") currently known separately as "KFC" (or "Kentucky Fried Chicken"), "Pizza Hut" including its icon, "the Red Roof", and "Taco Bell" including its icon, "the Bell" (including the Mandarin language equivalents and derivatives thereof).

"Brand Business IP" means the IP, other than the Core Brand IP, used in connection with the conduct of the Brand Restaurant Businesses.

"Brand Owners" means the entities that own the Brands as set forth in Exhibit A.

"Brand Restaurant Businesses" means the full range of business activities performed in the licensing and/or operation of businesses conducted through Restaurants, including all the related

development, promotional, and support activities. "Brand Restaurant Business" means any of the Brand Restaurant Businesses relating to a Brand.

"Brand Standards" means the standards, specifications and requirements for the commercial use of the Brand System IP in the conduct of the Brand Restaurant Businesses and in the development and operation of the Restaurants under the Brands (including Brand Trademark usage, maintenance and registration standards; food safety and other quality assurance processes; governance protocols; and Restaurant design, inspection and maintenance processes) as established by Licensor, all subject to updating and amendment, from time to time, as specified in Section 5.3. Exhibit B includes a list of categories of Brand Standards and the source of each.

"Brand System IP" means the collection of IP of Yum and its Subsidiaries used in connection with the conduct of the Brand Restaurant Businesses, comprised of the Core Brand IP, together with that portion of the Brand Business IP existing as of the Effective Date.

"Business Days" means all days that are not weekends or national holidays under the laws of the country in which the Party obligated to make the referenced payment, give the referenced notice, exercise the referenced right, or perform the referenced obligation resides.

"Change of Control" of Licensee or SpinCo means the occurrence of one or more of the following events:

(1) Licensee ceases to be a wholly-owned direct or indirect subsidiary of SpinCo;

(2) any direct or indirect, voluntary or involuntary, sale, lease, assignment, conveyance, gift, pledge, mortgage, encumbrance or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of Licensee or SpinCo, determined together with its Subsidiaries on a consolidated basis, or a material portion of such assets related to any of the Brands, to any person or entity that is a Competitor or to any group of related persons or entities (as the term group is interpreted for purposes of Section 13(d) of the United States Securities Exchange Act of 1934, as amended (a "Group")) where any member of such Group is a Competitor;

(3) the consummation of any plan of merger, consolidation, share exchange, tender offer or combination (any such transaction, a "Business Combination") directly or indirectly involving Licensee or SpinCo and any Competitor;

(4) any person, entity or Group, alone or together with its Affiliates, is the beneficial owner, directly or indirectly, of capital stock or other securities of SpinCo representing twenty percent (20%) or more of SpinCo's then outstanding common stock or twenty percent (20%) or more of SpinCo's then outstanding capital stock or other securities having general voting rights and such person or entity, or any member of such Group, is a Competitor; or

(5) any person, entity or Group, alone or together with its Affiliates, has the power, directly or indirectly, to direct the business, management, operations or policies of Licensee or SpinCo, whether through the ownership of voting securities, by contract or otherwise, and such person or entity, or any member of such Group, is a Competitor.

"Competing Business" means (a) any business that offers for sale as a principal food product for consumption by consumers any food product (including pizza, pasta, ready-to-eat chicken and Mexican-style food) that is substantially similar to any of the Brand Products and any business that grants franchises, licenses or similar arrangements to others to operate such a business (as used in this definition, a product is a "principal food product" if the sale of such product generates more than twenty percent (20%) of all product revenues of the business either in the Territory or in the world) and (b) the following

businesses: McDonald's, Domino's Pizza, Papa John's Pizza, Chick-fil-A, Dicos, Little Caesars Pizza, Burger King, Chipotle, Subway, Olive Garden Italian Kitchen, and Popeye's Louisiana Kitchen. Licensor may reasonably update the list of Competing Businesses in (b) to reflect changes in Competing Businesses, but not more than once each calendar year during the Term, and provided, that no update which adds a new Competing Business shall be deemed to prohibit an interest in such Competing Business that pre-dates such update.

"Competitor" means a person or entity that is directly or indirectly Engaged in a Competing Business or is an Affiliate of a person or entity that is directly or indirectly Engaged in a Competing Business. In this context "Engaged" or "Engages" means to engage in, maintain, operate, assist, be occupied or associated with, have any financial or beneficial interest in, or otherwise participate in a specified business or activity, whether as an owner, stockholder, member, partner, lender, director, manager, officer or employee, licensor, advisor or consultant, or otherwise.

"Confidential Information" means trade secrets, know-how, and other proprietary knowledge or confidential information of a Party and its Affiliates, including (i) with respect to Licensor and its Affiliates, the Brand System IP and all confidential knowledge and information concerning the Restaurant Systems operating under the Brands or necessary or useful to the development or operation of Restaurants, including technology, designs, concepts, ideas, information, formulas, recipes, studies, plans, reports, analyses, compilations, strategies, programs, data, methods, techniques or processes regarding each Brand's services, products, methods of doing business, markets, customer data, profits, sales, or other financial information that derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use, and (ii) with respect to Licensee and its Affiliates, all confidential information related to its operation of the Brand Restaurant Businesses (other than information constituting Confidential Information of Licensor). Confidential Information does not include information which: (i) the non-disclosing Party can demonstrate became known to the Party by proper means before the disclosure thereof by the disclosing Party or its Affiliates, (ii) at or after the time of such disclosure, had become or later becomes a part of the public domain other than in breach of this Agreement or any Sublicense, or (iii) the non-disclosing Party receives through proper publication or communication from an independent third party having the right to disclose the same.

"Core Brand IP" means the following IP of Yum and its Subsidiaries, including, for periods prior to the Effective Date, Subsidiaries of Yum which subsequently become Subsidiaries of SpinCo: (i) the "Brand Trademarks", which are comprised of the Brand Names, and versions thereof, incorporating all or a

portion of a Brand Name, together with all trademarks, service marks, trade names, domain names, logos, commercial symbols and all other source indicators and other similar rights, whether registered or unregistered, authorized by Licensor now and in the future for use in connection with the conduct of the Brand Restaurant Businesses; (ii) the "Brand Marketing Materials", which are comprised of all the advertising, marketing, promotional and public relations materials in every medium, used directly or indirectly to promote the Brand Restaurant Businesses; (iii) the "Brand Products", which are comprised of all products (and associated know-how, including recipes, cooking methods and restaurant equipment modifications or customizations developed or commissioned for the production of products) and services authorized for sale or promotion at Restaurants; and (iv) the "Brand Restaurant Designs", which are comprised of the prototypical architectural plans, designs, layouts, design concepts, drawings and specifications for Restaurants. Core Brand IP includes Future Core IP.

"Customer Data" means (i) any information or data identifying, describing, concerning or generated by prospective, actual or past customers, website visitors or other social media contacts of any of the Brand Restaurant Businesses operating in the Territory, including all other customer information in any database, regardless of the source thereof, and (ii) any information or data related to any of the foregoing (including customer lists, reports, forms, methodologies, segmentations and statistical data,

whether individually or in the aggregate). For the purpose of this Agreement, Customer Data shall include only information or data that has been collected, generated, or used by a Brand Restaurant Business. The term "Customer Data" shall not include any customer information or data, including general market or customer insight research, that is generated, collected, or used by the Licensee for purposes other than as described in the preceding sentence, above.

"Future Brand Business IP" means Brand Business IP, other than the Brand System IP, that is developed or acquired by Licensee or any of its Affiliates or any of the Sublicensees after the Effective Date for use in the conduct of the Brand Restaurant Businesses and that is an extension, derivative or new version of existing Brand System IP or is useable in the commercialization of the Core Brand IP.

"Future Core IP" means additional IP of the types described in clauses (i) through (iv) in the definition of Core Brand IP for use in the conduct of the Brand Restaurant Businesses that is modified, developed or acquired after the Effective Date.

"Good Standing" means that Licensee is in full compliance with all of its obligations under Applicable Laws, this Agreement, and each other agreement between Licensee and Licensor or any of its Affiliates (including all payment obligations), that each of Licensee's Affiliates is in full compliance with all of its obligations under Applicable Laws, each Sublicense and each agreement between such Affiliate and Licensor or any of its Affiliates, and that all such obligations have been satisfied on a timely basis.

"Governmental Authority" means any national, federal, provincial, state, county, municipal or local governmental and quasi-governmental agency, commission or authority, including any taxing authority.

"IP" means all trademarks, service marks, trade dress, look and feel rights, copyrights, database rights, patents, trade secrets, domain names, know-how, show-how and proprietary information and Confidential Information, tangible and intangible, including all legally cognizable versions of any such intellectual property such as derivative works, colorable imitations, extensions, modifications, improvements, derivations, adaptations, localizations, translations, transliterations, or compilations of any kind.

"Lists" means the lists prepared by the U.S. government identifying those persons with whom U.S. parties are prohibited from doing business, including, and as they may change from time to time: (i) the Specially Designated Nationals List (http://www.treas.gov/offices/enforcement/ofac/sdn/sdnlist.txt); (ii) Executive Order 13324 (http://www.treasury.gov/offices/enforcement/ofac/programs/ terror/terror.pdf); (iii) Executive Order 13382 (http://www.state.gov/t/isn/c22080.htm); and (iv) Executive Order 12938 (http://www.state.gov/t/isn/c15233.htm).

"Measurement Period" means each rolling five (5) calendar year period throughout the Term, beginning January 1, 2017. To illustrate, the first Measurement Period is January 1, 2017 through December 31, 2021 and the second Measurement Period is January 1, 2018 through December 31, 2022.

"Prime Rate" shall mean the rate that Bloomberg displays as "Prime Rate by Country United States" at *http://www.bloomberg.com/quote/PRIME:IND* or on a Bloomberg terminal at PRIMBB Index or, in the absence of Bloomberg displaying such rate, such other rate as Licensor may reasonably determine as the equivalent rate.

"Restaurant" means each of the retail restaurant facilities that is primarily identified by a Brand Name and/or uses Brand System IP and that conducts the offer and sale of authorized products and services through dine-in, carry-out, catering, delivery, kiosk, on-line methods of distribution, centralized

kitchens/commissaries, and such other methods of distribution as the Parties may mutually agree, including the offer of premiums, and all other related promotional activities (but does not include the sale of any products for resale).

"Restaurant System" means the collection of procedures, policies, standards, specifications and other distinguishing elements, created or acquired in connection with the development and operation of a restaurant concept, but expressly excluding any test concept.

"Sublicense" means any agreement between Licensee and any Affiliate or third party (including any development agreement, trademark license contract or franchise agreement), granting such Affiliate or third party the right to operate one or more Restaurants under the applicable Brand in the Territory, including the Existing Sublicenses and the Future Sublicenses. Each Sublicense must be Brand-specific.

"Sublicensee" means any Affiliate of Licensee or any third party that is or becomes a party to an Existing Sublicense or a Future Sublicense.

"Sublicensee Change of Control" means, as to any Sublicensee, the occurrence of one or more of the following events:

(1) any direct or indirect, voluntary or involuntary, sale, lease, assignment, conveyance, gift, pledge, mortgage, encumbrance or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of such Sublicensee, determined together with its Subsidiaries on a consolidated basis, or a material portion of such assets related to any of the Brands, to any person or entity that is a Competitor or to any Group where any member of such Group is a Competitor;

(2) the consummation of any Business Combination directly or indirectly involving such Sublicensee and any Competitor;

(3) any person, entity or Group, alone or together with its Affiliates, is the beneficial owner, directly or indirectly, of capital stock or other securities of such Sublicensee representing twenty percent (20%) or more of such Sublicensee's then outstanding common stock (or other equity ownership interests) or twenty percent (20%) or more of such Sublicensee's then outstanding capital stock or other securities having general voting rights and such person or entity, or any member of such Group, is a Competitor; or

(4) any person, entity or Group, alone or together with its Affiliates, has the power, directly or indirectly, to direct the business, management, operations or policies of such Sublicensee, whether through the ownership of voting securities, by contract or otherwise, and such person or entity, or any member of such Group, is a Competitor.

"Subsidiary" means with respect to any entity, any corporation, limited liability company, joint venture, partnership or other entity, of which such first entity (a) beneficially owns, either directly or indirectly, more than 50% of (i) the total combined voting power of all classes of voting securities, (ii) the total combined equity interests, or (iii) the capital or profit interests, or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Taco Bell Brand Development Initiative" means the specific development initiative for the Taco Bell Brand in the Territory set forth in Exhibit A-1, as such exhibit may be supplemented over time by agreement of the Parties in connection with the Annual Strategic Consultation, taking into consideration

new Taco Bell Restaurant development in comparable markets, projected Taco Bell Brand growth, the market environment and demand for the Taco Bell Brand in the Territory, and current Taco Bell performance in the Territory.

"Tax Matters Agreement" means the Tax Matters Agreement to be entered into by and between Yum and SpinCo in connection with the separation of YumChina from Yum and the distribution to Yum's stockholders of the shares of SpinCo owned by Yum.

"Taxes" means all taxes (including value added taxes), levies, imposts, duties, charges or fees, in each case in the nature of a tax and imposed by any Governmental Authority, whether collected by withholding or otherwise, and any interest, additions to tax or penalties applicable thereto.

"Territory" means the PRC, as geographically constituted on the Effective Date, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.

"Term" means, collectively, the "Initial Term" and any "Renewal Term" as described in Sections 13.1 and 13.2.

"Transfer" means to sell, assign, convey, give away, pledge, mortgage, grant a security interest in or lien against, license, or otherwise transfer or encumber, or any sale, assignment, conveyance, gift, pledge, mortgage, grant of security interest, lien, license, or other transfer or encumbrance.

The following terms are defined in the referenced Section, paragraph, or Recital of this Agreement:

Defined Term	Section
Administered Rules	17.3
Advertising Assessment	3.2
Agreement	Preamble
Annual Strategic Consultation	5.4
Appeal Procedure	17.3.7
Applicable Laws	7.1
Arbitration Request	17.3
Assigned Payments	6.1.2
Bank	14.1.6.B
Clearance Activities	4.3.1
CPR	17.2.2
Cross Licensed IP	4.1.1
Effective Date	Preamble
Enforcement Activities	4.3.1
Existing Sublicenses	6.1
Future Sublicenses	6.2
Governmental Approvals	6.3.5
Grace Period	3.4.1
Gross Revenue	3.1
Indemnitees	11.1
Initial Term	13.1
Late Payment	14.1.6.B
Letter of Credit	14.1.6.B
Licensee	Preamble

Licensee Releasing Parties	4.1.2.B
Licensor	Preamble
Licensor Purchase Right	15.4.5
Licensor Released Parties	4.1.2.B
New Business Opportunity	2.4
Non-Restated Sublicense	6.1
Original Award	17.3.7
Party(ies)	Preamble
Payment Default	14.1.6.A
Payment Dispute Notice	14.1.6.C
PRC	Recital A
Registration Activities	4.3.1
Renewal Term	13.2
Restated Sublicense	6.1
ROFR Agreement	2.4.1
ROFR Notice	2.4.1
SGM Breach	2.1.3.A
SGM Calculation Statement	2.1.3.A
SGM Report	2.1.3.A
Sales Growth Metric	2.1.3
Secured Amount	14.1.6.B
SpinCo	Recital B
Transaction Tax	3.5.3
Underpayment	14.1.6.B
Yum	Recital A
YumChina	Recital A

2. **GRANT OF LICENSE AND UNDERTAKING TO DEVELOP**

2.1 Grant of IP Licenses. Licensor hereby grants Licensee the exclusive right and license, and Licensee hereby assumes the obligation, to use the Brand System IP to operate Brand Restaurant Businesses in the Territory, inclusive of the right to sublicense the Brand System IP needed in order to operate the Restaurants to Sublicensees under Sublicenses for the sole purpose of operating Restaurants in the Territory, provided that, except for Licensee's right to operate a limited number of Restaurants for test purposes in compliance with the terms of the form Sublicense as if Licensee were the Sublicensee and Licensor were the Sublicensor under such Sublicense, (i) Restaurants may be operated only by Sublicensees under Sublicenses; and (ii) only those Affiliates of Licensee that are Sublicensees have the right to use the Brand System IP and then only in compliance with the applicable Sublicense.

2.1.1 The license granted hereunder is separable as to each of the Brands, as identified by each separate Brand Name used to identify each of the Brand Restaurant Businesses, and the license for each Brand and the associated Brand System IP may be separately assigned, modified, renewed, terminated and enforced by Licensor, in all cases subject to the terms herein.

2.1.2 Licensee shall use its commercially reasonable best efforts to increase the revenues of the Brand Restaurant Businesses during the Term.

2.1.3 Without limitation of Section 2.1.2, subject to Sections 2.1.3.A, through 2.1.3.E, Licensee shall cause the average annual Gross Revenue for each Brand Restaurant Business for

each Measurement Period to exceed the Gross Revenue of such Brand Restaurant Business for the applicable Benchmark Year ("Sales Growth Metric").

A. Within sixty (60) days after the beginning of each calendar year during the Term, Licensee shall calculate the average annual Gross Revenue for the relevant Measurement Period and the Gross Revenue for the relevant Benchmark Year for each Brand Restaurant Business and prepare and deliver to Licensor a written statement setting forth in reasonable detail its determination of the average annual Gross Revenue for the relevant Measurement Period and the Gross Revenue for the relevant Benchmark Year with respect to each Brand Restaurant Business (each, an "SGM Calculation Statement"). In the event Licensee's SGM Calculation Statement indicates a Brand Restaurant Business has failed to meet the Sales Growth Metric (an "SGM Breach"), Licensee may include with the SGM Calculation Statement a report setting forth specific factors, if any, beyond its reasonable control as the predominant cause for such SGM Breach (the "SGM Report").

B. Without limitation of Licensor's rights under Section 8.3, Licensor and its representatives shall have the right to inspect Licensee's books and records with respect to each Brand Restaurant Business, upon reasonable prior notice to Licensee and for purposes reasonably related to the verification of the SGM Calculation Statement, the SGM Report, if any, and any additional information relating to the Sales Growth Metric.

C. In the event the SGM Calculation Statement indicates that the Sales Growth Metric has been satisfied and Licensor agrees with the SGM Calculation Statement, Licensor shall provide written notice to Licensee confirming that the Sales Growth Metric has been satisfied for that particular Measurement Period within thirty (30) days after receipt of the SGM Calculation Statement.

D. In the event an SGM Breach has occurred and Licensee has not included an SGM Report with the SGM Calculation Statement, Licensor shall provide written notice to Licensee confirming such SGM Breach within thirty (30) days after receipt of the SGM Calculation Statement. Failure to submit an SGM Report with the SGM Calculation Statement shall be deemed a waiver of Licensee's right to submit an SGM Report for the relevant Measurement Period.

E. In the event an SGM Breach has occurred and Licensee has included an SGM Report with the SGM Calculation Statement, Licensor shall consider the SGM Report in good faith, while also taking into account factors within Licensee's control, such as Licensee's use of free cash and the amount of capital investments for Brand development, judged on both an historical and competitive basis. If Licensor, in its reasonable discretion, determines that the SGM Breach was predominantly caused by factors beyond Licensee's reasonable control, Licensor shall waive the SGM Breach with respect to the relevant Brand Restaurant Business and shall provide written notice to Licensee so indicating within thirty (30) days after receipt of the SGM Calculation Statement. If Licensor, in its reasonable discretion, determines that the SGM Breach was *not* predominantly caused by factors beyond Licensee's reasonable control, Licensor shall provide written notice to Licensee confirming that an SGM Breach has occurred within thirty (30) days after receipt of the SGM Calculation Statement.

In the event of two (2) consecutive SGM Breaches for a Brand Restaurant Business, Licensor shall be entitled to exercise its rights under Section 15.4.4.

2.2 Territorial Protections. During the Term and provided that Licensee and its Affiliates remain in Good Standing (including in compliance with Sections 2.1.2 and 2.1.3), Licensor shall not establish or operate, or grant any other person or entity the right to establish or operate, a Brand Restaurant Business in the Territory or any rights to use the Brand System IP in Restaurants in the Territory.

2.3 Licensor's Reserved Rights. Licensee acknowledges and agrees that this Agreement grants Licensee only the right to operate the Brand Restaurant Businesses in the Territory during the Term. Licensor and its Affiliates have and retain all rights not granted to Licensee under this Agreement and may, without notice to Licensee: (a) establish and operate, or grant any person or entity the right to establish and operate, Brand Restaurant Businesses, and use the Brand System IP, outside the Territory or after the Term, and (b) engage in any business in the Territory provided the conduct of the business is not in conflict with the provisions of Section 2.2 and Section 2.4.

2.4 Licensee's Rights of First Refusal. Notwithstanding Section 2.3, if during the Term, (i) Licensor proposes to engage, directly or indirectly, in any business in the Territory unrelated to the Brand Restaurant Businesses but utilizing all or any part of the Core Brand IP (a "New Business Opportunity"), or (ii) Licensor develops or acquires an Additional Brand, then Licensor shall offer Licensee a right of first refusal in accordance with this Section 2.4.

2.4.1 Within a reasonable period of time following the occurrence of an event described in Section 2.4.(i) or (ii) (regardless of whether Licensor proposes to act on a unilateral voluntary basis or in response to an approach or offer from a third party) and subject to the conditions in Section 2.4.2, Licensor shall notify Licensee in writing of the New Business Opportunity or the Additional Brand (the "ROFR Notice"). The ROFR Notice will offer Licensee the first opportunity, on an exclusive basis, to negotiate rights to the New Business Opportunity or the Additional Brand in the Territory. Licensee shall accept or reject the offer to negotiate in writing within thirty (30) days following the date of the ROFR Notice. Licensee's failure to accept or reject the offer in writing within the stated time period shall be deemed to be a rejection of the offer. If Licensee accepts the offer to negotiate rights to the New Business Opportunity or the Additional Brand in the Territory, Licensor and Licensee will negotiate the applicable business terms on an exclusive basis for a period of ninety (90) days following the date of Licensee's written acceptance notice, any such terms to be evidenced by a separate agreement between the Parties or their designees (a "ROFR Agreement"). If the Parties have not entered into a ROFR Agreement for the New Business Opportunity or Additional Brand within the ninety (90) day exclusivity period, then, unless the Parties mutually agree in writing to extend the exclusive negotiation period before the expiration of such exclusivity period, Licensee's rights with respect to the New Business Opportunity or Additional Brand in the Territory shall terminate and Licensor shall have the right directly, or indirectly through its Affiliates or third parties, to operate the New Business Opportunity or Additional Brand in the Territory, without any further obligation to Licensee.

2.4.2 Licensee's right of first refusal shall be applicable: (i) only during such time that Licensee and its Affiliates are in Good Standing; (ii) on terms and conditions no less favorable to Licensee than those then offered by Licensor to other third parties, excluding, however (but, nonetheless, fully disclosing to Licensee on a timely basis for its overall appraisal) any one time "development incentives," such as for market entry, new units, test concepts or other forms of growth initiatives which may be offered, from time to time, for limited periods less than the full term of the applicable franchise or license grant; and (iii) with respect to any Additional Brand, only after the business of the Additional Brand is deemed by Licensor, using its reasonable

judgment, to be tested and fully operational. In the event Licensee believes Licensor has failed to provide the ROFR Notice in a timely manner, Licensee's sole remedy shall be to provide written notice to Licensor of such alleged failure. For the convenience of the Parties, the Parties will endeavor to discuss any applicable right of first refusal primarily during the Annual Strategic Consultation.

3. FEES, PAYMENTS AND REQUIRED EXPENDITURES

3.1 Royalty. In consideration for the license granted under Section 2.1, Licensee shall pay to Licensor a continuing royalty fee in an amount equal to three percent (3%) of the Gross Revenue of any kind derived from the operation of the Restaurants in the Territory. For purposes of this Agreement, the term "Gross Revenue" shall mean the total of all cash or other payments (including the fair value of an exchange and all payments by check, credit, or charge account, regardless of whether the checks, credits, or charge accounts are ultimately paid) paid or payable at the Restaurant level for the sale or use of any products, goods, or services that are sold at or from any Restaurant in the Territory, excluding value added taxes and governmental surcharges imposed with respect to such sales by Governmental Authorities, and then only if the amount of such value added taxes or governmental surcharges is taken into account in the selling price and is actually paid to the appropriate Governmental Authority (for this purpose, treating value added taxes validly offset against input credits as actually paid to the appropriate Governmental Authority). Royalty fee payments are due on the fifteenth (15th) day of the month with respect to Gross Revenue during the preceding month and, unless otherwise agreed by Licensor, are payable by Licensee to Licensor regardless of collection or non-collection by Licensee from the Sublicensees.

3.2 Required Advertising Expenditures. Annually, during the Term, Licensee shall collect and spend all Advertising Assessments to market, advertise and promote each of the Brands in the Territory in accordance with the Advertising and Marketing Standards set out in the Brand Standards; provided, that up to one percent (1%) of the Gross Revenue may be spent for Restaurant asset upgrades, menu board upgrades, directional signage, premiums, and limited-time offer discount promotion subsidies lasting for twelve (12) weeks or less. Licensee may allocate the Advertising Assessment between national and local store marketing and advertising initiatives and activities in its reasonable discretion. For purposes of this Agreement, "Advertising Assessment" means a minimum advertising fee or contribution under each Sublicense in an amount equal to four percent (4%) of Gross Revenue (including the one percent (1%) of Gross Revenue that may be spent for Restaurant asset upgrades, menu board upgrades, directional signage, premiums, and limited-time offer discount promotion subsidies lasting for twelve (12) weeks or less). The Parties acknowledge and agree that the nature of advertising is evolving and will continue to evolve during the Term. Therefore, upon request by either Party, the other Party will consider in good faith prospective adjustments to the Advertising Assessment, taking into consideration Brand sales, competitor marketing spend rates and trends, and marketing effectiveness (e.g., the availability of other channels or platforms of marketing promotion, such as social media and digital advertising, that may provide for reduced cost and equal or greater consumer reach and conversion) and the resulting impact on sales growth.

3.3 Other Payments. In addition to the royalty fees described in Section 3.1, Licensee shall pay to Licensor and to Licensor's Affiliates and to all third party suppliers promptly when due all other fees, charges and reimbursable amounts payable under this Agreement or other agreements between Licensee and Licensor, Licensor's Affiliates, or such third party suppliers. Such payments shall be made at such times and in such manner as may be specified in this Agreement or such other agreements and, in the absence of any specified time and manner of payment, as invoiced.

3.4 Payment Terms; Currency. All payments made by Licensee to Licensor under this Agreement shall be sent by electronic wire transfer of immediately available funds to the account designated by Licensor in writing from time to time.

3.4.1 Any payment not actually received within five (5) days after the date on which such payment was due ("Grace Period") shall accrue interest at a rate per annum equal to the Prime Rate plus three percent (3%) or the maximum rate permitted by Applicable Laws, whichever is less, from the end of the Grace Period until paid. Such interest charges are in addition to any other remedies available to Licensor. Additionally, during the first year of the Term, the Grace Period shall be extended to ten (10) days.

3.4.2 Licensee shall not be entitled to withhold payments due to Licensor or its Affiliates on grounds of alleged nonperformance by Licensor or its Affiliates, nor shall Licensee be entitled to set off any amounts that may be owed by Licensor or any of its Affiliates to Licensee or any of its Affiliates against amounts owed by Licensee or any of its Affiliates to Licensor or any of its Affiliates under this Agreement. Notwithstanding any designation Licensee might make, Licensor has sole discretion to apply any of Licensee's payments to any of Licensee's past due indebtedness to Licensor or its Affiliates. Licensor has the right to set off any amounts Licensee owes to Licensor or any of Licensor's Affiliates against any amounts Licensor or any of its Affiliates may owe to Licensee or any of Licensee's Affiliates.

3.4.3 All amounts payable to Licensor under this Agreement shall be paid in Chinese Yuan Renminbi (RMB).

3.4.4 If any Governmental Authority with jurisdiction over any of the Brand Restaurant Businesses or the Parties imposes restrictions on the transfer of funds or currencies to places outside the Territory and such restrictions result in Licensor not receiving payments in accordance with this Agreement in a timely fashion, Licensee shall cooperate with Licensor and use commercially reasonable efforts to effect such payments in a timely fashion by the transfer of funds in alternate currencies as Licensor may designate and/or the funding of such payments from sources outside the Territory, to the extent legally permissible. If, after thirty (30) days, such efforts fail to result in full payment to Licensor, then Licensor shall have the right at any time thereafter to the extent legally permissible to direct the deposit of any or all payments (including accumulated amounts) required hereunder into such accounts in the Territory as Licensor may designate. Nothing herein shall relieve Licensee from the obligation to pay to Licensor the amounts due hereunder.

3.5 Taxes. Licensee shall promptly pay when due all Taxes levied or assessed against Licensee by any Governmental Authority.

3.5.1 Any and all payments by Licensee to Licensor pursuant to this Agreement shall be made without deduction or withholding for any Taxes, except as required by Applicable Laws. If Applicable Laws require Taxes to be withheld or deducted from any payment to Licensor pursuant to this Agreement, Licensee shall withhold or deduct and pay to the applicable Governmental Authority the amount required to be withheld or deducted and shall promptly deliver to Licensor, at least annually or as otherwise reasonably requested by Licensor, receipts and tax forms issued by the applicable Governmental Authority showing that all Taxes were properly withheld or deducted and remitted in compliance with Applicable Laws. Without limiting the foregoing, Licensee shall cooperate with Licensor in any manner Licensor reasonably requires to facilitate Licensor in its efforts to obtain applicable tax credits based on such

withholdings or deductions, or to obtain any reduction in the amount of such withholding or deduction.

3.5.2 Except as otherwise provided in the Tax Matters Agreement, in the event of any bona fide dispute between Licensee or any of its Affiliates and any Governmental Authority as to liability for Taxes assessed, Licensee or such Affiliate may contest the validity or the amount of the Tax in accordance with procedures of the Governmental Authority or Applicable Laws; provided, however, that, to the extent within the control of Licensee, in no event shall Licensee or such Affiliate permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of any Restaurant, any improvements thereon, or any assets of Licensee or such Affiliate that are part of the Brand Restaurant Businesses or contain the Brand Trademarks.

3.5.3 Licensee bears sole and exclusive responsibility for the reporting, withholding and payment of all Taxes imposed upon it by any jurisdiction, including the responsibility to report to the applicable Governmental Authorities any payment made to Licensor to the extent required by Applicable Laws. The Parties acknowledge that Licensee may be responsible now or in the future to collect and remit sales tax, use tax, excise tax, withholding income tax, value added tax, franchise fee tax, governmental surcharges, stamp tax or consumer tax ("Transaction Tax") with respect to

payments made by Licensee to Licensor pursuant to Section 3.1. Any such Transaction Taxes shall be borne by Licensor and such amounts shall not be added to any amounts payable by Licensee pursuant to Section 3.1.

3.5.4 If Licensee receives any refund or credit in respect of any Taxes withheld or deducted from, or any Transaction Tax paid by Licensor in respect of, any payment made to Licensor pursuant to this Agreement, Licensee shall promptly pay to Licensor an amount equal to the amount of such refund or credit, net of all out-of-pocket expenses (including Taxes) of Licensee with respect to the receipt of such refund or credit. For purposes of this Section 3.5.4, Licensee's ordinary course application of a value added tax credit against value added tax withheld from any payment made to Licensor pursuant this Agreement shall not be treated as a credit received by Licensee, provided, however, that any credit against value added tax obtained by Licensee as a result of a redetermination of the amount of value added tax due with respect to any such payment to Licensor shall be treated as a credit received by Licensee and payable to Licensor pursuant to this Section 3.5.4.

4. OWNERSHIP, USE, PROTECTION AND SUBSTITUTION OF IP

4.1 Ownership. Licensee represents and warrants to Licensor that, prior to the Effective Date, Licensee and YumChina have provided to Licensor and Yum all agreements and other documents relating to any and all Brand System IP licensed, used, or owned (or purported to be owned) by YumChina, SpinCo or any of their Affiliates, including Licensee. Licensor hereby represents that the scope of the license for the Brand System IP is expressly designed to include the IP of Yum and its Subsidiaries used to operate the Brand Restaurant Businesses in the Territory prior to the Effective Date, primarily under the direct management of and supervision of YumChina. To the extent any ambiguity exists in this Agreement concerning the scope of the license grant to the Brand System IP, this representation shall assist the Parties in determining the proper interpretation. As between Licensor and its Affiliates (as determined upon or after consummation of the separation of YumChina from Yum), on the one hand, and Licensee and its Affiliates and the Sublicensees (as determined upon or after consummation of the separation of YumChina from Yum), on the other hand, Licensee agrees (for itself and on behalf of its Affiliates and the Sublicensees) that the Brand System IP is, and shall remain, the sole property of Licensor. Licensor and Licensee (for itself and on behalf of its Affiliates and the

Sublicensees) further agree that any modification, development or acquisition of the IP of Yum and its Subsidiaries occurring prior to the Effective Date by or for Licensee or any of its Affiliates or any of the Sublicensees, whether by itself or in conjunction with Licensor or third parties, shall be deemed to have been commissioned by and for the benefit of Licensor, and Licensee has done or shall do at Licensor's request, all acts (including execution and delivery to Licensor of any and all such documentation) required in order to evidence, secure or perfect the vesting in Licensor of all rights, title and interest in and to such IP or any other Brand System IP or to otherwise give full effect to this Section 4.1 and shall cause its Affiliates and the Sublicensees and, to the extent commercially reasonable, its contractors and other third parties, to do so. The Parties hereby acknowledge and agree to the existence and sufficiency of consideration for the foregoing commissioning arrangements; such consideration including the right of YumChina to use certain IP of Yum and its Subsidiaries in connection with YumChina's business activities prior to the Effective Date. Nothing contained in this Agreement is, or shall be construed as, an assignment of any of the Brand System IP to Licensee or any other person or entity or as a grant to Licensee or any other person or entity of any right, title, or interest in or to any of the Brand System IP except for the express license granted to Licensee to use the Brand System IP under Section 2.1. Except for such license, Licensee acquires no right, title or interest in any of the Brand System IP or any associated past, present or future goodwill, all of which will inure solely to the benefit of Licensor and the Brand Owners.

4.1.1 Licensee represents and warrants to Licensor that, prior to the Effective Date, YumChina has not licensed or authorized the use of any of the Brand System IP by any person or entity other than Sublicensees under the Existing Sublicenses, and has only issued cross licensing rights for some of the Brand System IP to certain businesses of YumChina as set forth in Exhibit C (the "Cross Licensed IP"). During the Term, Licensee shall not provide any further cross licensing rights and shall cause the cross licensing rights to the current Cross Licensed IP to terminate within three (3) years after the Effective Date at Licensee's sole cost and expense and shall provide Licensor evidence of such termination(s) satisfactory to Licensor.

4.1.2 Other than as set forth in this Section 4.1, Licensee acknowledges and agrees that, to the extent permitted by Applicable Laws, the Brand System IP is being licensed "as-is" and without any further representations or warranties by Licensor or any of its Affiliates, including regarding the status, strength, validity, or enforceability of any of the Brand System IP in the Territory (including the status, strength, validity, or enforceability of any registrations or applications to register the Brand Trademarks or any other Brand System IP in the Territory). Licensee further acknowledges and agrees that:

A. Licensee shall not make any demand, assert any claim, or file any action against Licensor or any of its Affiliates (and that neither Licensor nor any of its Affiliates has any obligation to indemnify Licensee or any of its Affiliates or the Sublicensees for liability or damages) arising out of or in connection with the use by Licensee or any Sublicensee of the Brand System IP in the Territory, including demands, claims or actions (or liability or damages) based on the actual or threatened cancellations of Brand System IP registrations or refusals to register any of the Brand System IP by any Governmental Authority and any third party demands or claims related to the Brand System IP.

B. As of the Effective Date, Licensee, for itself and on behalf of all other persons and entities acting on its behalf or claiming under it (collectively, the "Licensee Releasing Parties"), hereby irrevocably and unconditionally releases, acquits and forever discharges Licensor, its Affiliates and their respective owners, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, parents and Subsidiaries, past and present, and all persons acting by, through, under or in concert with

them or any of them (collectively "Licensor Released Parties"), from all actions, causes of action, suits, debts, liens, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses (including attorneys' fees and costs actually incurred), known or unknown, suspected or unsuspected, fixed or contingent, which they now have, own, hold, claim to have, claim to own, or claim to hold, or at any time heretofore had, owned, held, claimed to have, claimed to own, or claimed to hold against each or any of the Licensor Released Parties arising out of or related to the Brand System IP or any use thereof.

C. Without limiting the foregoing acknowledgements, agreements and release, Licensee agrees that the maximum possible remedy to which Licensee and its Affiliates and the Sublicensees may be entitled as a result of (i) any loss or impairment of the Brand System IP (including the Brand Trademarks) in the Territory or (ii) any breach by Licensor of any express or implied warranties related to the Brand System IP, including any technology/technical secrets, patents, or software, is for Licensor to authorize a replacement for the affected Brand System IP, and Licensee expressly acknowledges and agrees that Licensee's obligations under this Agreement, including its obligation to pay the royalty fees and other amounts due under this Agreement, shall not be relieved, limited, or otherwise modified as a result of any loss or change in the status or value of any of the Brand System IP in the Territory, including losses or changes attributable to actions by Governmental Authorities or third party claims. Licensor also has the right to replace any Brand System IP (including any Brand Trademark) that, in Licensor's belief, is or may be subject to a claim or determination that Licensor has no right to license such Brand System IP under this Agreement, or that such Brand System IP is or may be cancelled or its use by Licensee prohibited in the Territory, or that such Brand System IP is or may be subject to any ownership or rights challenge or any infringement allegation or action. Without limiting or altering the provisions set forth above, Licensee may request a review, during the Annual Strategic Consultation, of recent, material adverse changes in the Brand System IP where Licensee believes other types of remedies are more suitable, which suggestions Licensor shall consider and decide, in its sole discretion.

4.1.3 This Agreement expressly contemplates that Licensee (or any of its Affiliates and any of the Sublicensees) may, subsequent to the Effective Date and during the Term and in accordance with the terms hereof and the Brand Standards, develop or acquire Future Core IP and Future Brand Business IP.

A. Licensor shall solely own all Future Core IP (and, for the avoidance of doubt, Licensor and Licensee (for itself and on behalf of its Affiliates and the Sublicensees) agree that any modification, development or acquisition of Future Core IP by or for Licensee or any of its Affiliates or any of the Sublicensees, whether by itself or in conjunction with Licensor or third parties, shall be deemed to be commissioned by and for the benefit of Licensor, subject, however, to the right of use by Licensee during the Term for the purposes and in the manner provided in this Agreement). Licensee shall inform Licensor in writing of any such modification, development or acquisition of Future Core IP. Licensee shall assign, transfer, and convey, and hereby assigns, transfers, and conveys, to Licensor all rights, title, and interest of Licensee in or to any Future Core IP modified, developed or acquired by or for Licensee and otherwise waives and/or releases all rights of restraint and moral rights therein and thereto, without compensation, recognizing that any Future Core IP modified, developed or acquired by or for Licensee shall simultaneously and by operation of law be included in the Brand System IP licensed

hereunder. Licensee shall also cause its Affiliates and the Sublicensees and, to the extent commercially reasonable and consistent with the Brand Standards, cause its contractors and other third parties, to assign, transfer, and convey all such rights, title, and interest in and to Future Core IP that may be modified, developed or acquired by or for those parties to Licensor (or its designated Affiliate). Licensee shall do all acts and execute and deliver to Licensor any and all such documentation required in order to evidence, secure or perfect the vesting in Licensor of all rights, title and interest in and to the Future Core IP or to otherwise give full effect to this Section 4.1.3 and shall cause its Affiliates and the Sublicensees and, to the extent commercially reasonable, its contractors and other third parties, to do so. If and to the extent any such assignment is determined to be invalid or unenforceable, Licensee hereby grants (and shall cause its Affiliates and the Sublicensees and, to the extent commercially reasonable and consistent with the Brand Standards, its contractors and other third parties to grant) to Licensor (or its designated Affiliate) an exclusive, worldwide, transferable, assignable, sublicensable, irrevocable, perpetual, non-terminable, royalty-free license in and to such Future Core IP. Neither Licensee nor any of its Affiliates, employees, contractors, or Sublicensees or any other third parties will be entitled to, or have any right or claim against Licensor or the Brand Owners or their respective Affiliates for, any royalty, fee, charge, compensation, or other payment or value of any kind for or in connection with any of the foregoing assignments, transfers, conveyances, or licenses or Licensor's or any of its Affiliates' use, utilization, commercialization, license, transfer, or exercise of any right in any such Future Core IP.

B. Licensee shall solely own all Future Brand Business IP; provided, that in consideration of the rights granted herein and in order to maintain and enhance Brand integrity and avoid Brand divergence, Licensee hereby grants (and shall cause its Affiliates and the Sublicensees and, to the extent commercially reasonable and consistent with the Brand Standards, its contractors and other third parties to grant) to Licensor a non-exclusive, worldwide (other than in the Territory during the Term), transferable, assignable, irrevocable, perpetual, non-terminable, royalty-free right and license to use any such Future Brand Business IP and to sublicense the use of any such Future Brand Business IP to Licensor's Affiliates and their licensees and franchisees operating under the Brands. Upon Licensor's request, Licensee shall reasonably cooperate with Licensor to effectuate this right and license (including executing all documents reasonably required by Licensor).

C. The Parties hereby acknowledge and agree to the existence and sufficiency of consideration for the foregoing commissioning arrangements, assignment, transfer, and conveyance, or license, to Licensor; such consideration including the license to Licensee of the Core Brand IP which may come into existence after the Effective Date and during the Term.

4.1.4 The parties acknowledge that Customer Data is derived, developed, accumulated and used directly through and in connection with Licensee's use of the Brand System IP, and as such, represents an essential element of the goodwill associated with the Brand System IP and the Brand Trademarks necessary to the operation of the Brand Restaurant Businesses. Accordingly, in consideration of the foregoing and subject to the limitations in this Section, Licensee (for itself and on behalf of its Affiliates) hereby grants Licensor and each of its Affiliates an unencumbered right to access and use, and a perpetual and sublicensable license in and to, the Customer Data. Licensor's right to access, use and sublicense the Customer Data may only be exercised: (i) in accordance with Applicable Laws; (ii) following the expiration, non-renewal, termination, or other winding-down of this Agreement or any Brand license granted hereunder; and (iii) in

connection with the continued operation of the Brand (or Brands) from which the Customer Data was obtained and compiled; provided that in the event of any material breach of this Agreement by Licensee, Licensor and its Affiliates may have the right of access, only, to the Customer Data upon written notice to Licensee, whereupon, Licensee shall provide Licensor with access to the Customer Data of the Brand (or Brands) concerned

and/or derivatives thereof, according to such protocols as may be reasonably established for such purpose and set forth in Brand Standards. For the avoidance of doubt, Licensor may not use any Customer Data in connection with any restaurant system other than the Brand (or Brands) concerned.

4.2 Use. Licensee shall, and shall cause all of the Sublicensees to, use the Brand System IP only as authorized by this Agreement and in accordance with the Brand Standards. Without limitation of the foregoing, Licensee agrees that, during and after the Term, Licensee shall not, and shall cause all the Sublicensees not to:

4.2.1 Engage, directly or indirectly, in any conduct that would dilute, infringe upon, harm, prejudice, bring into disrepute, or interfere with the validity, ownership or enforceability of the rights of Licensor or any of its Affiliates in any of the Brand System IP or the associated goodwill, including any use of the Brand Trademarks in a derogatory, negative, or other inappropriate manner;

4.2.2 Contest the rights of Licensor or any of its Affiliates in any of the Brand System IP or the associated goodwill;

4.2.3 Take, or omit to take, any action that in any way would reflect adversely on, or injure or threaten to injure or diminish the name, image or reputation of, Licensor or any of its Affiliates, the Brand Names, the Brand Trademarks or other Brand System IP, including any action that may invalidate or jeopardize registration of any of the Brand Trademarks or other Brand System IP; or

4.2.4 Take or continue any action which Licensee (or any of the Sublicensees) knows or has reason to know would result in or cause a boycott of any Brand, Brand Product, Licensor, any of the Brand Trademarks, or any product or service bearing or associated with the Brand Trademarks. Notwithstanding the foregoing sentence, in the event any action taken or continued by Licensee or any of the Sublicensees results, or threatens to result, in any such injury, Licensee shall promptly take, and cause all of the Sublicensees to take, all steps necessary to avoid or stop the occurrence of such injury.

4.3 Trademarks.

4.3.1 Subject to Licensor's rights and obligations set forth in this Section 4.3 and in Section 4.5, Licensee shall, in accordance with the Trademark Maintenance and Registration Standards set out in the Brand Standards and at Licensee's expense, conduct the following activities in the Territory with respect to the Brand Trademarks (including those covered by Future Core IP but excluding any Brand Name): (i) select and clear the Brand Trademarks, providing to Licensor or its designee contemporaneous clearance reports and legal opinions in the English language and advising Licensor or its designee when a cleared Brand Trademark may be submitted for registration (collectively, "Clearance Activities"), and (ii) take any and all reasonable actions to police and defend the Brand Trademarks, including issuing any cease and desist demand, filing and prosecuting any administrative action and/or taking legal action, against any infringer or misappropriator, or reasonably suspected infringer or misappropriator, of any of the Brand Trademarks (collectively, "Enforcement Activities"). Notwithstanding the foregoing,

Licensor shall, in accordance with the Trademark Maintenance and Registration Standards set out in the Brand Standards and at Licensor's expense, conduct the following activities in the Territory with respect to the Brand Trademarks (including those covered by Future Core IP and including any Brand Trademark containing a Brand Name): (a) review and, after consultation with Licensee, approve or disapprove any Brand Trademark prior to its use, and (b) in the name of Licensor or its designee, apply for, prosecute the application for, register and maintain the registration of, the Brand Trademarks ("Registration Activities"). In addition, Licensor shall, at Licensor's expense: (x) conduct any and all Clearance Activities with respect to a Brand Trademark that is a Brand Name, (y) join any Enforcement Activities by Licensee under this Section 4.3.1 as necessary under Applicable Laws in the Territory to conduct such Enforcement Activities, and (z) have the right to monitor and participate in (and by written notice to Licensee, assume management or control of) any Clearance Activities and Enforcement Activities conducted by Licensee (or a part thereof, as decided by Licensor in its sole discretion). Licensee shall otherwise not engage in any Clearance Activities, Registration Activities or Enforcement Activities, or assist or be involved in any way with another's Clearance Activities, Registration Activities or Enforcement Activities, except if and to the extent expressly requested or approved in advance in writing by Licensor to Licensee. To the extent that any trademark license agreements or registered user agreements indicating the right of Licensee or any Sublicensee to use the Brand Trademarks in the Territory, or any confirmation or documentation related thereto, are required to be registered or recorded with any Governmental Authority, Licensee shall promptly file such documentation as provided or approved by Licensor and be responsible for the associated costs.

4.3.2 Licensee shall provide Licensor written notice, as set out in the Brand Standards, of any Brand Trademarks constituting Future Core IP (including changes in color or font or the translation of any of the Brand Trademarks into the local language). Licensee expressly agrees that it shall not use, and shall not permit the Sublicensees to use, any Brand Trademark within the category of Future Core IP (including any such Brand Trademark that includes a Brand Name) until it is approved by Licensor according to the procedures set out in the Brand Standards. Licensee further agrees that it shall not, and shall cause its Affiliates and Sublicensees not to, modify any Brand Trademark that includes a Brand Name until such modification is approved by Licensor according to the procedures set out in the Brand Standards. Without limitation of the foregoing, Licensee further expressly acknowledges and agrees that Licensor shall have sole discretion whether or not to approve any newly created or modified Brand Trademark that includes a Brand Name.

4.4 Copyrights and Patents. Licensee acknowledges and agrees that, as between Licensee and its Affiliates and the Sublicensees, on the one hand, and Licensor and its Affiliates, on the other hand, Licensor and its Affiliates own all patents, patent applications, copyrights and other intellectual property and industrial property rights in and to all materials including or evidencing any Brand System IP. Licensee shall use, and shall cause the Sublicensees to use, proper copyright, patent, and other proprietary notices in accordance with Applicable Laws in the Territory in connection with all such materials. The provisions in Section 4.3.1 regarding Enforcement Activities shall apply to all such Brand System IP materials, including the copyrights, patent rights, and other intellectual property and industrial property rights contained therein. To the extent it is customary and advisable, to register the copyrights and/or patent rights contained in the Brand System IP materials, Licensee shall have the right, at its expense and upon advance written notice to Licensor or its designee, to conduct Registration Activities for such copyrights and patents, acknowledging its agreement that such Registration Activities shall reflect, and shall not alter, the ownership rights set forth herein.

4.5 Protection. Without limiting Section 4.3.1, Licensee shall (and shall cause its Affiliates and the Sublicensees to) assist Licensor in the protection and defense of the Brand Trademarks and other Brand System IP, including preventing the use of the Brand Trademarks or other Brand System IP by any unauthorized persons, that in the sole judgment of Licensor may be necessary or desirable under any Applicable Law. Licensee shall promptly notify Licensor of any use or infringement of the Brand Trademarks or other Brand System IP of which Licensee or any of its Affiliates or the Sublicensees become aware or any challenge or claim arising out of the use of any Brand Trademark or other Brand System IP by Licensee or the Sublicensees. Except to the extent Licensee will conduct any Enforcement Activities in accordance with Section 4.3.1, Licensor shall control all Enforcement Activities and any litigation and other proceeding related to any challenge to Licensee's or any Sublicensee's use of the Brand Trademarks or other Brand System IP (specifically including all Enforcement Activities with respect to any Brand Name), or the use or ownership of any of the Brand Trademarks or other Brand System IP by Licensor or any of its Affiliates. Except to the extent Licensee controls any Enforcement Activities under Section 4.3.1, Licensor shall have the right to determine whether and what Enforcement Activities will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken and may prosecute any claims or suits in its own name or join Licensee as a party thereto. Licensee shall be responsible for the fees and expenses of any Enforcement Activities by Licensee under Section 4.3.1. Licensor shall be responsible for the fees and expenses with any Enforcement Activities under this Section 4.5, unless the challenge or claim results from misuse of the Brand Trademarks or other Brand System IP by Licensee or any Sublicensee in violation of this Agreement or any of the Sublicenses, in which case Licensee shall reimburse Licensor and the Brand Owners for their respective fees and expenses (including legal fees and expenses). Upon Licensor's request, Licensee shall, and shall cause all of the Sublicensees to, promptly execute any summary or shortened agreement reflecting the licenses and rights under this Agreement, any confirmation of such licenses or rights, and any other document, and provide any other reasonable assistance to implement the provisions of this Agreement or as deemed necessary for compliance with Applicable Laws in the Territory, and to assist Licensor with any Registration Activities and any Enforcement Activities, all without compensation and without any right to any portion of amounts collected by Licensor in connection therewith, save and except that, in the event Licensor collects a monetary award, Licensor shall reimburse Licensee's costs and expenses incurred in connection with such assistance, pro rata with Licensor's costs and expenses, from such award. Licensee and its Affiliates and the Sublicensees shall not have any rights against Licensor or any of its Affiliates or for damages or other remedy by reason of the failure to prosecute any alleged infringements or imitations by others of any of the Brand Trademarks or for allegedly unauthorized third party use of any of the Brand System IP.

4.6 Substitution. Licensor reserves the right to add to, change or modify the Brand System IP, including the right to substitute different Brand Trademarks at any time. Upon receipt of written notice from Licensor to add, change, modify or substitute any of the Brand System IP (including the Brand Trademarks), Licensee shall implement such changes, using its commercially reasonable best efforts, and shall cause the Sublicensees to do the same. Licensee shall also have the same opportunity to discuss such changes or modifications with Licensor, as are set forth in the final sentence of Section 4.1.2.C.

5. QUALITY ASSURANCE AND BRAND STANDARDS

5.1 Quality and Brand Standards. Licensee acknowledges the importance to the reputation and goodwill of the Brands of maintaining high standards of quality in connection with the conduct of the Brand Restaurant Businesses and the associated use of Brand System IP. For that reason, Licensee shall maintain, and shall cause the Sublicensees to maintain: (i) compliance with the Brand Standards, and (ii) a standard of quality that is at least as high as the standard of quality maintained in the Brand Restaurant Businesses up to and upon the Effective Date in the Territory with regard to the goods and services offered and sold under the Brand Trademarks, and in connection with the use of other Brand System IP in

the Brand Restaurant Businesses. Licensee acknowledges that it is aware of this standard of quality and has experience with maintaining this standard of quality for the Brand Restaurant Businesses prior to, and up to, the Effective Date.

5.2 Monitoring Compliance with Brand Standards. From time to time (as further specified in the Brand Standards), Licensor shall have the right, directly or through its designated representatives, to visit, audit and review the Restaurants and the Brand Restaurant Businesses, including with reasonable advance written notice, market offices, shared services centers and logistics centers, as operated by Licensee and the Sublicensees, for compliance with this Agreement and the Brand Standards, including Brand Standards related to IP compliance, books and records, food safety processes and procedures and standards and governance protocols. To facilitate any such visit, audit or review, Licensee shall, and shall cause the Sublicensees to:

5.2.1 Allow Licensor or its representatives, with reasonable advance written notice, to sample representative products and services of the Brand Restaurant Businesses in which the Brand Trademarks and other applicable Brand System IP are utilized;

5.2.2 Permit Licensor or its representatives, with reasonable advance written notice, to visit, audit or review, in addition to Restaurants, any training center, test kitchen, and other facilities of the Brand Restaurant Businesses for purposes of compliance with such of the Brand Standards as may apply thereto;

5.2.3 Obtain permissions, consistent with Licensee's own rights, for Licensor or its representatives to conduct quality control audits or reviews of all vendors and suppliers material to the supply chain supporting the Brand Restaurant Businesses; and

5.2.4 Provide representative samples of the advertising and marketing materials using Brand Trademarks and any of the other Brand System IP in connection with the promotion of the Brand Restaurant Businesses in the prior twenty-four (24) months.

Upon written notice from Licensor, Licensee shall promptly remediate any non-compliance with the Brand Standards, and shall cause the Sublicensees to do the same. Licensee further agrees, in addition to the procedures set out in the Brand Standards, that: (a) if an audit (including a visit or review) results in Licensor's discovery of substantial non-compliance with any of the Brand Standards, Licensor may, without limitation of any other remedy available to it, conduct a re-audit (including a visit or review) within a reasonable time following the initial audit in order to determine whether the deficiencies have been corrected, and Licensee shall reimburse Licensor for all reasonable costs incurred by Licensor in connection with any such re-audit.

5.3 Adaptation of Brand Standards. The Parties recognize and acknowledge the need to periodically update the Brand Standards to maintain the quality and contemporary look and feel of Brand Restaurant Businesses. Accordingly, Licensor shall review annually the Brand Standards, taking into account its inspections and the monitoring reports, as described in this Agreement. Following consultation with Licensee, Licensor may publish and implement modifications to the Brand Standards, all of which shall take into account Licensor's use of the Brand System IP and associated Brand Standards in Brand Restaurant Businesses in regions other than the Territory, including the related costs, resources and standards in the industry. Following consultation with Licensee, Licensor may also prescribe an implementation schedule for any newly adopted and published Brand Standards, taking into account costs,

resources, standards in the industry and conformity with Licensor's use of the Brand System IP in Brand Restaurant Businesses in regions other than the Territory. Licensee may also give Licensor written notice of any proposed change to the Brand Standards that Licensee wishes Licensor to

consider in order to adapt the Brand Standards to market conditions in the Territory. Licensor agrees to give good faith consideration to any such request, but Licensor shall have sole discretion whether to approve or disapprove (or approve with modifications) the proposed change. Licensee shall not implement any proposed change to the Brand Standards, and shall cause the Sublicensees not to implement any such change, unless and until Licensor has expressly approved the proposed change in writing. Unless otherwise agreed in writing by the Parties, Licensee and the Sublicensees shall bear the cost of compliance with existing Brand Standards and implementation of and compliance with any updated Brand Standards, which may include from time-to-time Brand Standards governing Restaurant assets, including requirements with respect to structural modifications and/or replacement of Restaurant furnishings, fixtures, and equipment.

5.4 Annual Strategic Consultation. Annually, unless otherwise re-scheduled by agreement of the Parties, between September 1 and October 31, representatives of Licensor and Licensee, together with senior management personnel of Yum and SpinCo, shall meet in person to review the Brand Restaurant Businesses (but not other businesses owned or operated by Licensee or its Affiliates unrelated to Licensor and its Affiliates), including: (i) Licensee's Annual Strategic Plan for the upcoming calendar year, (ii) any mutually beneficial opportunities to cross license some or all of each Party's intellectual property not otherwise licensed under this Agreement, and (iii) any other subject that the Parties agree is relevant to their continuing relationship ("Annual Strategic Consultation"). Within the preceding parameters, Licensor and Licensee will mutually agree when each Annual Strategic Consultation will be held. Unless otherwise agreed by the Parties, the location of the Annual Strategic Consultations will be at Licensee's headquarters in the Territory. Each Party will be responsible for any travel and living expenses incurred by its personnel attending such meetings. A reasonable period of time (not less than thirty (30) calendar days) prior to each Annual Strategic Consultation, Licensee shall provide a draft of Licensee's Annual Strategic Plan for the upcoming year to Licensor so that the representatives of Licensor may adequately prepare for the meeting. Licensor agrees that all such Annual Strategic Plans are a part of Licensee's Confidential Information and shall be treated as such in accordance with the terms of this Agreement.

6. SUBLICENSES

6.1 Assignment or Restatement of Existing Sublicenses. Prior to the Effective Date, YumChina caused a number of license agreements to be granted to Sublicensees, whether in the form of trademark license agreements, franchise agreements and other similar documents, providing the Sublicensees with the rights to operate Restaurants (or one Restaurant) in the Territory utilizing the Brand System IP (the "Existing Sublicenses"). Licensor is a party to some or all of the Existing Sublicenses. Licensee represents and warrants that prior to the Effective Date, (a) Licensee has entered into restated sublicenses, which sublicenses comply with the requirements for Future Sublicenses set forth in Section 6.2 and which shall become effective on the Effective Date ("Restated Sublicenses"), with each of its Affiliates that is a party to an Existing Sublicense for periods prior to the Effective Date (it being understood that references to Existing Sublicenses herein include references to Restated Sublicenses unless the context otherwise requires), and (b) Licensee has used its best efforts to enter into a Restated Sublicense with each third party that is a party to an Existing Sublicense for periods prior to the Effective Date. For all Existing Sublicenses that are in effect as of the Effective Date and not represented by a Restated Sublicense (a "Non-Restated Sublicense"), Licensor hereby assigns to Licensee all of Licensor's rights (other than as to amounts owing to Licensor for periods prior to the Effective Date), and Licensee hereby assumes all of Licensor's obligations, under the Non-Restated Sublicenses (it being understood that references to Existing Sublicenses herein include references to Non-Restated Sublicenses unless the context otherwise requires). The Parties agree to cooperate (and Licensee shall cause its Affiliates and, to the extent commercially reasonable, all third party Sublicensees to cooperate) in providing any required notice and in executing any documents and taking any other actions that may be necessary or appropriate in connection with such assignment and assumption.

6.1.1 All Existing Sublicenses shall be subject to this Agreement and Licensee shall perform the duties and obligations set forth in this Agreement with respect to the Existing Sublicenses. Following the Effective Date, Licensee shall use its best efforts to enter into a Restated Sublicense with each third party that is a party to a Non-Restated Sublicense.

6.1.2 All royalty fees and other amounts payable to Licensor under the Existing Sublicenses which accrue from and after the Effective Date (the "Assigned Payments") shall be the property of Licensee. Any Assigned Payments which come into Licensor's possession shall be delivered promptly to Licensee, and Licensor agrees to forward to Licensee all original documentation supplied by any Sublicensees under the Existing Sublicenses relating to any taxes withheld by them from the Assigned Payments.

6.1.3 From and after the Effective Date, Licensee shall have the responsibility in the Territory for managing, administering, protecting and enforcing, in accordance with this Agreement, all Sublicenses.

6.2 Grant of Future Sublicenses. Licensee shall be entitled to grant additional Sublicenses for the operation of Restaurants in the Territory during the Term ("Future Sublicenses"); provided, that (i) any Future Sublicense must be evidenced by a written license agreement, franchise agreement or development agreement, the form of which must be approved by Licensor as provided in the last three (3) sentences of this Section 6.2; (ii) no Future Sublicense may reduce or otherwise affect Licensee's obligations under this Agreement; and (iii) each Future Sublicense shall: (a) include representations and agreements to the effect that neither the Sublicensee nor any of its owners are, or will be, associated with a Competing Business during the term of the Sublicense and for a reasonable period of time following the expiration, termination or transfer of the Sublicense or any interest therein; that neither the Sublicensee nor any of its owners are, or will be, in violation of Section 7.1 of this Agreement (applied mutatis mutandis to the Sublicense); and that the Sublicensee and its owners will adhere to confidentiality

provisions consistent with those in Section 9 of this Agreement, (b) include the obligation to pay the Advertising Assessment, (c) name Licensor a third party beneficiary of the Sublicense with an independent right (but without any obligation) to enforce the Sublicense in the event Licensee fails to do so, (d) grant

Licensor an option (but without any obligation) to acquire and assume (directly or through a designee) Licensee's rights and obligations under the Sublicense upon the expiration or termination of this Agreement or any related interest herein (including any related Brand license granted hereunder), (e) be assignable by Licensee without the Sublicensee's consent, (f) contain provisions requiring that the Sublicensee and the Restaurants adhere to the Brand Standards, (g) include an immediate right of termination by Licensee upon a Sublicensee Change of Control or prohibited Transfer or a violation of any of the representations and agreements described in Section 6.2(iii)(a) and (h) include provisions regarding Licensor's ownership of IP consistent with the provisions of this Agreement. Licensee shall submit to Licensor in advance of its use each form of Future Sublicense (together with a complete and accurate English translation thereof) and Licensor shall have the right, in its sole discretion, to approve, in advance, each such form of Future Sublicense. Licensee shall not enter into any Future Sublicense that differs from such pre-approved form of Future Sublicense. Licensee acknowledges and agrees that no such approval by Licensor shall constitute an assurance, representation or warranty of any kind, express or implied, that such agreements comply with Applicable Laws.

6.3 Licensee's Obligations with Respect to the Sublicenses. Licensee shall:

6.3.1 Recruit, screen and evaluate prospective Sublicensees for compliance with the minimum qualifications for Sublicensees operating under the Brands, as authorized from time to time by Licensor. At Licensor's request, Licensee shall prepare and submit to Licensor, in the form and at the times required by Licensor, a written report regarding each prospective Sublicensee deemed to be qualified by Licensee and shall retain, and upon Licensor's written demand produce for Licensor's inspection, a copy of each Sublicense and all related documents.

6.3.2 Fulfill its obligations under each Sublicense and cause each Sublicensee to operate its Restaurants in compliance with the Sublicense, this Agreement, the Brand Standards and Applicable Laws.

6.3.3 Monitor and enforce prompt and strict compliance by the Sublicensees with all duties and obligations under the Sublicenses. Such enforcement includes (i) delivering prompt written notice of default to any Sublicensee that is in material breach of its Sublicense; (ii) taking all commercially reasonable steps to ensure that the Sublicensee remedies the breach within the applicable cure period (if any); (iii) taking all action necessary to terminate the Sublicense of any Sublicensee that does not remedy the breach; and (iv) initiating and prosecuting (at Licensee's expense) any legal proceedings necessary to achieve full compliance. Licensee's failure to perform in a diligent or timely manner any material obligation owed to its Sublicensees or to take such action as may, in the reasonable judgment of Licensor, be necessary to ensure material compliance with the Sublicenses will constitute a material breach of this Agreement.

6.3.4 In addition to the reporting requirements set forth in the Brand Standards, within fifteen (15) Business Days from the end of each quarter, Licensee shall notify Licensor, in writing, of: (i) the execution of each Sublicense; (ii) the opening of each Restaurant under a Sublicense; and (iii) any Sublicensee or Restaurant that ceases to do business for any reason. Licensee also shall promptly provide Licensor such additional information as Licensor may request regarding the Sublicensees, Sublicenses and Restaurants to enable Licensor to reasonably determine that Restaurant operations are being conducted in accordance with the Sublicense, this Agreement, Brand Standards and Applicable Laws. The Parties agree to cooperate in good faith

to establish the formats for pro forma documents that set forth the information that will be shared for the purpose of reporting and other disclosures between the Parties.

6.3.5 Without limitation of Licensee's obligations under Section 7, comply with all Applicable Laws relating to the sublicensing of the Brand Trademarks and other Brand System IP, promoting or soliciting the sale of Sublicenses, offering and selling Sublicenses, and terminating or failing to renew any of the Sublicenses; prepare and timely file (if required) any and all documents required to comply with Applicable Laws; and timely obtain at its own cost any and all approvals and/or registrations necessary for the full and proper conduct of the Brand Restaurant Businesses. At Licensor's request, Licensee shall provide to Licensor, at Licensee's expense, copies of all governmental approvals, registrations, or filings required by Applicable Laws ("Governmental Approvals") and/or other approvals and registrations obtained pursuant to this Section 6.3.5.

6.4 Release and Covenant Not to Sue. Licensee, for itself and on behalf of all other Licensee Releasing Parties, hereby irrevocably and unconditionally releases, acquits and forever discharges the Licensor Released Parties, from all actions, causes of action, suits, debts, liens, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses (including attorneys' fees and costs actually incurred), known or unknown, suspected or unsuspected, fixed or contingent, which they now have, own, hold, claim to have, claim to own, or claim to hold, or at any time heretofore had, owned, held, claimed to have, claimed to own, or claimed to hold against each or any of the Licensor Released Parties arising out of or related to the Sublicenses or the performance thereof or conduct thereunder prior to the Effective Date, and Licensee's obligations to administer the Sublicenses under this Agreement.

7. LEGAL COMPLIANCE

7.1 Compliance with Applicable Laws. Licensee shall comply with all Applicable Laws in connection with the performance of its obligations under this Agreement, including the operation of the Brand Restaurant Businesses. For purposes of this Agreement, the term "Applicable Laws" shall mean all applicable common law and all applicable statutes, laws, rules, regulations, ordinances, guidelines, standards, policies and procedures established by any Governmental Authority, including those governing the development, construction, operation and/or promotion of the Restaurants and the safety of the food and other products offered and sold at and from the Restaurants, as in effect on the Effective Date and as may be enacted, modified or amended from time to time thereafter. Licensee shall also require its Sublicensees, through provisions in the Sublicenses and regular monitoring activities, to comply with all Applicable Laws in the development and operation of the Restaurants and accompanying use of the Brand System IP. Without limitation of the foregoing, Licensee shall, and shall cause its Affiliates to:

7.1.1 Comply with all Applicable Laws and any multilateral international conventions against corrupt business practices or money laundering or relating to anti-bribery and anti-corruption, as they may be amended from time to time, including the Foreign Corrupt Practices Act (15 U.S.C. §78dd-2) and any successor statute; and, without limiting the generality of the foregoing, not offer, promise or pay any money, gift or any other thing of value to any person for the purpose of influencing official actions or decisions affecting this Agreement, any Sublicense, any Restaurant, or any of the Brand Restaurant Businesses, while knowing or having reason to know that any portion of this money, gift or thing will, directly or indirectly, be given, offered or promised to: (a) an employee, officer or other person acting in an official capacity for any government or its instrumentality; or (b) any political party, party official or candidate for political office.

7.1.2 Comply with, and assist Licensor and Licensor's Affiliates in their efforts to comply with, all Anti-Terrorism Laws. Licensee certifies, represents, warrants and agrees that: (a) neither Licensee nor any of its Affiliates nor anyone associated with them is included in any of the Lists; (b) Licensee shall not hire or permit any of its Affiliates to hire (or, if already employed, retain) any individual included in any of the Lists; (c) Licensee has no knowledge or information that it, any of its Affiliates, any of their respective management personnel, or anyone associated with any of them has engaged, are engaged or intends to engage in terrorist activities; and (d) neither the property nor interests of Licensee or any of its Affiliates are subject to being "blocked" under any of the Anti-Terrorism Laws.

7.1.3 Execute from time to time, as requested by Licensor, all documentation reasonably required by Licensor to evidence compliance with this Section 7.1.

7.2 Notice Requirements. Licensee shall notify Licensor in writing of any breach of Section 7.1 promptly upon learning of any such breach. In addition, Licensee shall immediately notify Licensor in writing following knowledge of the commencement of any action, suit or proceeding or of the issuance of any order, writ, injunction, award or decree of any court or other Governmental Authority, which may, or does, materially and adversely affect the operation or financial condition of any of the Brand Restaurant Businesses or any of the Restaurants.

8. RECORDKEEPING AND REPORTING

8.1 Books and Records. Licensee shall maintain, in a form suitable for prompt audit or review by Licensor, complete and accurate books of account and records regarding the operation of the Brand Restaurant Businesses and shall cause all of the Sublicensees to do the same with respect to all Restaurants operated by them. Such books and records shall conform to the requirements, and shall be maintained for the period, set forth in the Brand Standards.

8.2 Reports. In addition to any other reports required under this Agreement, Licensee shall submit to Licensor or its representatives, at Licensee's expense, all reports (including reports of Gross Revenue and information reasonably deemed necessary by Licensor to determine the success of the Brand Restaurant Businesses or Licensee's marketing efforts, such as total Restaurant development or customer or transaction counts for the Restaurants) and financial information required by the Brand Standards, at the time and in the form and manner set forth in the Brand Standards. Notwithstanding anything to the contrary herein, (a) Licensee acknowledges that Yum's securities are publicly owned and, accordingly, that Licensor and Yum may disclose the information included in any report or information (or otherwise obtained by Licensor in connection herewith) required by Applicable Law or the rules of any applicable stock exchange and (b) Licensee agrees that Licensor may use any such information for any valid business purpose, subject to the provisions of Article 9 and the foregoing clause (a).

8.3 Audits. Upon reasonable notice and during normal business hours, Licensor or its representatives may conduct an audit or review (and may make copies) of the books and records of the Brand Restaurant Businesses and of any Restaurant. Licensee shall cooperate, and shall require the Sublicensees to cooperate, fully with Licensor in any such audit or review, including reasonable sharing of translation costs. If an audit or review reveals that Licensee has understated Gross Revenue, then Licensee shall pay Licensor any amount due on the understated Gross Revenue, plus interest at the rate set forth in Section 3.4.1 on any overdue amount from the date payment was due until paid in full. In addition, if an audit or review reveals that Gross Revenue was understated by two percent (2%) or more, then Licensee shall reimburse Licensor for all costs and expenses incurred by Licensor in connection with the audit or review, including a reasonable allocation for any use of Licensor's internal audit resources. Licensor's receipt and acceptance of any financial statement or report furnished and/or any royalties paid

by Licensee shall not preclude Licensor from questioning the correctness thereof at any time. The remedies in this Section 8.3 shall be in addition to any other remedies available to Licensor under this Agreement or Applicable Laws.

9. CONFIDENTIALITY

9.1 Restrictions on Use of Confidential Information. Each Party acknowledges that the unauthorized use, publication or disclosure of the other Party's Confidential Information may cause incalculable and irreparable injury to the other Party. Accordingly, each Party agrees to use all commercially reasonable efforts to keep the other Party's Confidential Information confidential and (except as authorized by this Agreement) not to, directly or indirectly, at any time during or after the Term publish, disclose, use or permit the use of (other than as contemplated in this Agreement) the other Party's Confidential Information, in whole or in part, or otherwise make the other Party's Confidential Information available to any unauthorized person without the other Party's prior written consent, which may be granted or withheld by such other Party in its sole and absolute discretion. Disclosure of Confidential Information in response to a valid order by a court or Governmental Authority which seeks to compel the production of Confidential Information, or as otherwise required by Applicable Law or the rules of any internationally recognized stock exchange on which the securities of Yum or SpinCo are traded, shall not be a breach of this Agreement or a waiver of confidentiality for other purposes; provided, that the Party required to make any such disclosure shall provide prompt written notice to the other Party to enable the other Party to seek a protective order or otherwise prevent such disclosure.

9.1.1 Each Party shall grant its employees and representatives access to the other Party's Confidential Information only to the extent such employees and representatives need-to-know the Confidential Information in order to discharge the Party's obligations or exercise the Party's rights under this Agreement, and shall, to the extent permitted by Applicable Law, prohibit its employees and representatives from communicating, divulging, or using the other Party's Confidential Information, except as may be required by Applicable Law or authorized by this Agreement.

9.1.2 If a Party has any reason to believe that a violation of its confidentiality obligations set forth herein has occurred, that Party shall promptly notify the other Party and shall cooperate, at its expense, with the other Party in any action or proceeding deemed necessary or reasonably advisable by the other Party to protect itself against infringement or other unlawful use, including the prosecution of any lawsuit.

10. NON-COMPETITION

10.1 In-Term Exclusive Relationship. Licensee acknowledges that Licensor has entered into this Agreement in consideration of and in reliance upon Licensee's agreement to deal exclusively with Licensor during the Term in connection with the offer and sale of the categories of food products represented by the Brands. Licensee therefore agrees that, without Licensor's prior written consent, during the Term Licensee shall not, and shall cause its Affiliates not to, directly or indirectly, Engage in any Competing Business located or operating anywhere within (i) the Territory, or (ii) any other country, province, state or other geographic area in which Licensor or any of its Affiliates (a) have used or registered any of the Brand Trademarks (or similar trademarks) or (b) operate or license others to operate under the Brand Trademarks (or similar trademarks).

10.2 Post-Term Restriction on Competition. In order to protect the goodwill and other business interests of Licensor and its Affiliates, Licensee also agrees that for a period of twelve (12) months following the expiration, termination or transfer of this Agreement, and for a period of twelve (12)

months following the expiration, termination or transfer by Licensee of any interest herein (including any Brand license granted hereunder), Licensee shall not, and shall cause its Affiliates not to, directly or indirectly, Engage in any Competing Business located or operating anywhere within (i) the Territory, or (ii) within a ten (10) mile radius of any Restaurant operating under any Brand (in the case of expiration, termination or transfer of this Agreement) or the applicable Brand (in the case of expiration, termination or transfer of an interest herein) in existence at the time of such expiration, termination, or transfer.

10.3 Ancillary Agreements. Licensee further agrees that:

10.3.1 The covenants in Sections 10.1 and 10.2 contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Licensor and its Affiliates.

10.3.2 The covenants in Sections 10.1 and 10.2 will be construed as independent of any other covenant or provision of this Agreement and the existence of any claims Licensee may have against Licensor or any of its Affiliates, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Licensor of such covenants.

10.3.3 If all or any portion of a covenant in Section 10.1 or Section 10.2 is held unreasonable or unenforceable by a court, arbitrator or agency having valid jurisdiction in an unappealed final decision to which Licensor is a party, (a) Licensee and Licensee's Affiliates shall be bound by any lesser covenant (including any lesser time period) subsumed within the terms of such covenant that imposes the maximum duty permitted by Applicable Laws, as if the resulting covenant were separately stated in and made a part of this Agreement, and (b) such decision shall not affect the application of the covenants in any jurisdiction to which such decision does not expressly apply. In addition, Licensor has the right, in Licensor's sole discretion, to reduce the scope of any obligation set forth in Section 10.1 or Section 10.2 without Licensee's consent, effective immediately upon notice to Licensee and Licensee shall comply, and shall cause Licensee's Affiliates to comply, with any obligations as so modified.

11. INDEMNIFICATION AND INSURANCE

11.1 Indemnity. Licensee shall indemnify, defend, and hold harmless Licensor, its Affiliates (including the Brand Owners), their respective officers, directors, owners, employees, agents, successors, and assigns, and each of them, in their corporate and individual capacities (collectively, the "Indemnitees") from any and all losses, expenses, liabilities and damages any of them may suffer or incur, including reasonable attorneys' fees, as a result of claims, demands, costs, awards or judgments of any kind or nature, by anyone whomever, and regardless of cause or any concurrent or contributing fault or negligence of any Indemnitee, arising out of or otherwise connected with: (i) any of the Sublicenses; (ii) the ownership, development, construction, maintenance, operation or promotion of Restaurants or the Brand Restaurant Businesses in the Territory; (iii) any act of omission or commission by YumChina, Licensee, any of Licensee's Affiliates, any of the Sublicensees, or any of their respective officers, directors, employees, or agents before and after the Effective Date, including any act of omission or commission in connection with the ownership, maintenance, administration, protection and enforcement of the Brand System IP or intellectual property of any kind developed by Licensee or any of its Affiliates or any of the Sublicensees in the Territory on behalf of Licensee, Licensor or any of their respective Affiliates (and, for the avoidance of doubt, such act of omission or commission shall include any act of omission or commission relating to Licensee's obligation to promptly cause its Affiliates and the Sublicensees and, to the extent commercially reasonable, its contractors and other third parties, to do all acts and execute and deliver to Licensor any and all such documentation required in order to evidence, secure or perfect the vesting in Licensor of all rights, title and interest in and to the Brand System IP or

Future Core IP pursuant to Sections 4.1 and 4.1.3); (iv) any demands or claims by third parties with respect to the use, licensing or sublicensing of the Brand System IP in the Territory, whether such demands or claims relate to the use, licensing or sublicensing of such Brand System IP before or after the Effective Date, excluding demands or claims arising out of or connected with Licensor's acts or omissions pursuant to Sections 4.3.1 and 4.5 with respect to Brand Trademarks that include a Brand Name; and (v) any breach of any representation or warranty by Licensee under this Agreement. Licensee's obligation to indemnify and the right of the Indemnitees to indemnification under this Section 11.1 shall survive the assignment, transfer, termination or expiration of this Agreement or any interest herein.

11.1.1 Licensee shall promptly undertake the defense of any legal action related to any of the matters described in Section 11.1, and shall retain, and notify Licensor not less than forty-eight (48) hours prior to retaining, reputable, competent and experienced counsel to represent the interests of any Indemnitee. Licensor shall have the right to approve any counsel engaged to represent the interests of any Indemnitee but shall not unreasonably withhold or condition that approval. If Licensee or any of its Affiliates and the Indemnitees (or any one of them) are named as co-defendants, and there is a conflict of interest between them such that they cannot be represented by common counsel, then the Indemnitees may retain separate counsel at Licensee's expense and Licensee shall promptly reimburse the Indemnitees for all costs and attorneys' fees incurred upon request and as they are incurred. The Indemnitees also shall have the right to obtain separate counsel at their own expense, and shall have the right to participate in the defense of the action and any discussions regarding compromise or settlement. No Indemnitee shall be required to seek recovery from any litigant or any other third party to recover its indemnified losses, expenses and other amounts.

11.1.2 Licensee shall not settle or compromise any legal action in which Licensor or any other Indemnitee is a defendant without the prior written consent of Licensor, which Licensor may grant or withhold in its sole discretion.

11.2 Insurance. In addition to the obligations set forth in Section 11.1, at all times during the Term, Licensee shall keep in effect the minimum types and amounts of insurance required by the Brand Standards, all of which shall satisfy the requirements set forth in the Brand Standards. Licensee shall provide Licensor evidence of such coverage at the times and in the manner set forth in the Brand Standards. Licensee acknowledges that the insurance coverage required by the Brand Standards does not necessarily represent all possible insurable risks or amounts of loss that may arise out of Licensee's operation of the Brand Restaurant Businesses, and it is Licensee's responsibility to obtain any other or additional insurance in connection with the operation of the Brand Restaurant Businesses as Licensee determines to be appropriate.

12. ASSIGNMENT

12.1 By Licensor. Licensor and any of its Affiliates may Transfer to any person or entity, without Licensee's consent: (i) this Agreement, (ii) all or any part of Licensor's rights or obligations under this Agreement (including any Brand license granted hereunder), and (iii) with respect to any or all of the Brands, their rights in and to the assets of the Brand(s), including any Brand System IP and/or Brand Business IP; provided, that in all cases Licensee's rights and obligations as set forth in this Agreement shall remain in full force and effect following any such Transfer and, as necessary, will be evidenced by a separate agreement on the same terms and conditions as are in this Agreement. Without limiting the foregoing, Licensor and any of its Affiliates may offer their securities privately or publicly; may merge with and acquire, or be acquired by, other persons or entities; and may undertake refinancings, recapitalizations, leveraged buyouts or other economic or financial restructurings. The transferee or

assignee shall be solely responsible for the obligations of Licensor arising after the effective date of any such Transfer and Licensor shall be released from any obligations under this Agreement related to the subject of the Transfer that accrue after such date. Licensee agrees promptly to execute any documents reasonably required in connection with any such Transfer. Licensor shall provide advance written notice to Licensee of any such Transfer, as and when such notice is permitted under any applicable legal and contractual restrictions by which Licensor may be bound and, to the extent reasonably possible and permitted by Applicable Laws and any binding commitments imposed by the proposed acquirer, will consult with Licensee in advance regarding any proposed Transfer of any of the Brands if the acquirer is a Competing Business as to the Brand which is the subject of the Transfer.

12.2 By Licensee. Except for Licensee's right to sublicense the use of the Brand System IP to Sublicensees in accordance with this Agreement, Licensee shall not Transfer any interest in, or rights or obligations under, this Agreement or any Sublicense without Licensor's prior written consent, nor shall Licensee Transfer to any Competitor any Future Brand Business IP used solely in the development or operation of the Restaurants. Licensor may impose any reasonable condition to the granting of its consent to such a Transfer, and in no event shall Licensor be required to consent to such a Transfer if such conditions are not met. Licensee shall notify Licensor in writing prior to any proposed Transfer of any interest in, or rights or obligations under, this Agreement or any Sublicense and shall provide such information related thereto as Licensor may require. Any such purported Transfer occurring by operation of law or otherwise without Licensor's prior written consent shall constitute a material breach of this Agreement. Any consent by Licensor to such a Transfer shall be without prejudice to Licensor's rights against Licensee, or to any right or remedy to which Licensor is entitled by reason of any breach or default that occurred before the Transfer. Without limiting the foregoing, it is expressly agreed that Licensor's consent to such a Transfer shall not waive (i) any payment or other obligation owed by Licensee to Licensor under this Agreement before the Transfer; or (ii) Licensee's duty of indemnification and defense as set forth in Section 11.1, whether before or after such Transfer; or (iii) Licensee's obligation to obtain Licensor's consent to any subsequent Transfer.

13. TERM AND RENEWAL

13.1 Initial Term. This Agreement and each Brand license granted hereunder will become effective on the Effective Date, and, unless sooner terminated as provided in this Agreement, will expire on the fiftieth (50^{th}) anniversary of the Effective Date (the "Initial Term").

13.2. Renewal. Following the expiration of the Initial Term and each subsequent Renewal Term and provided that Licensee is then in Good Standing, this Agreement and each Brand license granted hereunder shall automatically be renewed for additional consecutive successive renewal terms of fifty (50) years each (each, a "Renewal Term"), unless Licensee gives written notice of its intent not to renew not less than thirty-six (36) months or more than sixty (60) months before the end of the then-current Term.

14. BREACH

14.1 Breach of Agreement. A material breach shall be, as determined by Licensor, in its sole discretion, any failure by Licensee to comply with any term or condition in this Agreement where, due to such failure, there is an actual, likely or imminent and material harm to any of the Brands, the Brand System IP or the financial or other material benefits or rights of Licensor hereunder. For purposes of clarity, a material breach shall include, though shall not be limited to, any of the events listed in Sections 14.1.1 through 14.1.6. Upon the occurrence of a material breach by Licensee under this Agreement, Licensor may issue to Licensee a written notice of breach identifying the then-known circumstances giving rise to the breach. To the extent that Licensor determines in its sole discretion that the applicable

breach is curable (i.e., capable of correction within the time periods set forth in this Agreement or the relevant notice of breach), then Licensor shall provide Licensee an opportunity to cure. Breaches referred to in Sections 14.1.1 through 14.1.4 are non-curable. Breaches referred to in Section 14.1.5 may be curable or non-curable as determined by Licensor depending on the circumstances. The following events shall be deemed a material breach:

14.1.1 Dissolution or Liquidation. If either Licensee or SpinCo is dissolved or liquidated.

14.1.2 Insolvency and Bankruptcy. To the extent permitted by Applicable Law, if either Licensee or SpinCo becomes insolvent, generally does not pay its debts as they become due, or files a voluntary petition (or consents to an involuntary petition or an involuntary petition is filed and is not dismissed within sixty (60) days) under any bankruptcy, insolvency, or similar law, and Licensee cannot prove that such bankruptcy or insolvency has no material adverse effect on Licensee's operation of the Brand Restaurant Businesses or Licensor or any of Licensor's Affiliates or any of the Sublicensees.

14.1.3 Unauthorized Assignment. If there is a breach of Section 12.2.

14.1.4 Change of Control. If Licensee or SpinCo permits or undergoes a Change of Control of Licensee or SpinCo.

14.1.5 Breaches That May be Curable or Non-Curable. Licensor may determine in its sole discretion that any breach in Sections 14.1.5.A. though G. is curable or non-curable.

A. Criminal Conviction/Adverse Publicity. If Licensee or any of its Affiliates or any of their respective principal officers is convicted of a felony or other similar crime or offense or engages in a pattern or practice of acts or conduct that, as a result of the attendant adverse publicity, is likely to have or has had a material adverse effect on the Restaurants, any of the Brand Restaurant Businesses, any of the Brand System IP, including any of the Brand Trademarks, or the reputation of any of the Brands, Licensor or any of the Brand Owners;

B. Unauthorized Disclosure of Confidential Information; Violation of Non-Compete. If Licensee or any of its Affiliates, or any officer, director, employee, or agent of Licensee or any of its Affiliates, discloses, or causes or fails to exercise commercially reasonable efforts to prevent the disclosure of, or otherwise uses in an unauthorized manner, any Confidential Information in breach of this Agreement, or if Licensee or any Affiliate of Licensee breaches any covenant against competition set forth in Section 10.1;

C. Failure to Comply with Brand Standards or Enforce the Sublicenses. Without limiting Licensor's rights under Section 14.1.5.E., if Licensee or any of the Sublicensees fails to comply with any of the Brand Standards or if Licensee fails to enforce any of the Sublicenses and such failure has, or is reasonably expected to have, a material adverse effect on any of the Brand Restaurant Businesses, any of the Brand Trademarks or other Brand System IP, or the reputation of the Brands, Licensor or any of the Brand Owners;

D. Loss of Rights in Brand System IP. If Licensee, directly or through the Sublicensees, takes any action that causes, or fails to take any action and such failure causes, or in either case is reasonably likely to cause, in whole or in part, the loss, or imminent loss, of a Brand Owner's ownership rights in all or any part of the Brand System IP that is material to the conduct of the Brand Restaurant Businesses or the operation of the Restaurants

(including any Brand Trademark that includes a Brand Name) and which Licensor has not approved in writing;

E. Threat or Danger to Public Health or Safety. If Licensee or any of the Sublicensees fails to adhere to the Brand Standards, Applicable Laws, or other generally accepted public health and safety standards, and such failure causes, or is reasonably likely to cause, in whole or in part, a threat or danger, or imminent threat or danger, to public health or safety, then, in addition to Licensor's rights as set forth in this Section 14 and without prejudice to the remedies set forth in Section 15, in the event of such breach and upon written notice from Licensor, which Licensor may give Licensee in its sole discretion, Licensee shall, and shall cause the Sublicensees to, immediately close any affected Restaurant(s), and shall not reopen, or permit the Sublicensees to reopen, such Restaurant(s) until the threat or danger is remedied. The Parties agree that operation of the Restaurants and the Brand Restaurant Businesses without endangering the public health or safety is the sole responsibility of Licensee. Licensor does not assume and shall not have any responsibility or obligation therefor by reserving or exercising the rights granted to Licensor hereunder;

F. Failure to Meet Sales Growth Metric. If, consistent with Section 2.1.3, two (2) consecutive SGM Breaches occur (in which case, the Parties rights and remedies shall be subject to the terms set forth in Section 2.1.3); and

G. Failure to Meet the Taco Bell Brand Development Initiative. If Licensee fails to comply with the Taco Bell Brand Development Initiative (in which case, Licensor's remedy shall be limited to that set forth in Exhibit A-1).

14.1.6 Financial Breach.

A. Failure to Pay Amounts Owed. If Licensee or any of its Affiliates fails to pay any amounts due under this Agreement to Licensor or any of its Affiliates in whole or in part and when such payment becomes due and payable ("Payment Default"), then Licensor may issue a notice of breach to Licensee with respect to such Payment Default. Licensee shall have twenty (20) Business Days following notice of breach to cure the failure to pay.

B. Chronic Late Payment or Underpayment. Without limiting Licensor's other remedies hereunder for any Payment Default, (a) if Licensee fails to make any payment when required under this Agreement (including any applicable Grace Period) ("Late Payment") (excluding any Late Payment attributable solely to the application of Chinese foreign exchange controls outside Licensee's control) on three (3) or more occasions during any twenty-four (24) month period, or (b) if any payment made is less than 90% of the amount due ("Underpayment") on more than one occasion during any twenty-four (24) month period and Licensee fails to comply with Section 14.1.6.C., Licensor may:

(i) Exercise any of the remedies set forth in Section 15 in its sole discretion, including terminating this Agreement and all rights granted to Licensee hereunder immediately upon notice to Licensee, regardless of whether Licensee cured the relevant Late Payments or Underpayment. Should Licensor elect to terminate this Agreement as a result of a Payment Default, all amounts payable under this Agreement then owed and outstanding, together with accrued interest thereon, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Licensee; or

(ii) Upon written notice to Licensee, require Licensee to establish and provide to Licensor an irrevocable standby letter of credit in favor of Licensor and in the form required by Licensor (the "Letter of Credit") from a financial institution accepted and approved by Licensor in its sole discretion ("Bank") in the minimum amount of projected fees due and owing for the upcoming twenty-four (24) months (the "Secured Amount"). Evidence of the establishment of the Letter of Credit must be provided to Licensor within ten (10) days following the date of Licensor's written notice to Licensee of the requirement to obtain the Letter of Credit. The term of the Letter of Credit

shall be for a period of five (5) years, unless Licensor otherwise agrees in writing to a shorter term, subject to Licensor's right to require an extension of such term in its reasonable discretion. Licensor shall be permitted to draw upon the Letter of Credit at any time and from time to time during the Term in the event of a Payment Default lasting ten (10) Business Days after Licensor issues a demand for payment to Licensee and by Licensor submitting to the Bank a dated statement signed by a duly authorized representative or officer of Licensor certifying that Licensee is in default of its payment obligations to Licensor under this Agreement in the amount then-owed as of the date of such statement. In the event the Letter of Credit is ever drawn upon by Licensor, Licensee shall replenish the amount of such Letter of Credit immediately, so that amount of the Letter of Credit is at all times no less than the Secured Amount.

C. Good Faith Disputes Regarding Amounts Due. If Licensee, in good faith, disputes any amounts due and payable to Licensor or any of its Affiliates then, on the due date, Licensee shall (i) pay the entire amount owed to Licensor or its Affiliate (without regard to such dispute), and (ii) submit to Licensor a written statement identifying in reasonable detail the basis for the dispute ("Payment Dispute Notice"). If it is finally determined in accordance with this Section 14.1.6.C. and Section 17.3. that Licensee is entitled to all or any portion of the disputed amount, Licensor shall refund such amount within ten (10) Business Days following such final determination. The Parties shall promptly attempt to resolve the dispute and failing resolution within thirty (30) days following the earlier of Licensee's Payment Dispute Notice or Licensor's notice of breach, either Party may submit the dispute directly to arbitration pursuant to Section 17.3; provided, that the arbitration shall be limited to a determination of whether the disputed amount is owed, and the arbitration panel shall consist of one (1) accounting professional designated by Licensor, one (1) accounting professional designated by Licensee, and one (1) arbitrator experienced in resolving payment disputes that is appointed by CPR. If the arbitration panel determines that any or all of the disputed amount is owed to Licensor or any of its Affiliates, then Licensee shall pay the disputed amount determined to be owed, to the extent not previously paid to Licensor (and any past due interest owed thereon) within ten (10) Business Days following the panel's determination and Licensor shall retain any such disputed amount previously paid to it. If the disputed amount previously paid by Licensee to Licensor exceeds the amount determined by the arbitration panel to be owed to Licensor, such excess shall be repaid by Licensor to Licensee. If the arbitration panel determines that none of the disputed amount is owed to Licensor or its Affiliates, then Licensee shall not be required to pay the disputed amount and the disputed amount previously paid by Licensee to Licensor shall be repaid by Licensor to Licensee. If Licensee fails to cure a Payment Default, Licensor may exercise any of the remedies set forth in Section 15.

14.2 Licensee's Right to Request Early Termination of Brand License. Licensee may request an early termination of the license for a particular Brand if Gross Revenue for that Brand has declined for each year during any five (5) consecutive year period during the Term, and Licensee can demonstrate with evidence satisfactory to Licensor that such decline was proximately caused by Licensor's willful

failure to maintain that Brand outside of the Territory, which willful failure results in material, irreparable damage to that Brand in the Territory, or was proximately caused by a materially adverse change in the Applicable Laws. Licensee must make such request for early termination and provide such evidence in writing to Licensor within ninety (90) days following any such five (5) consecutive year period of Gross Sales declines for the affected Brand. Licensor shall consider this request for early termination in good faith. Any early termination pursuant this Section 14.2 shall be subject to Licensee's obligations under Section 16.1.1 through Section 16.1.6.

15. ADDITIONAL REMEDIES

15.1 Acknowledgments Regarding Breach, Default, and Remedies Provisions. The Parties acknowledge the importance of the relationship between Licensor and Licensee and the difficulties and complexities associated with unwinding that relationship in the event this Agreement should be terminated. In recognition of the foregoing, the Parties further acknowledge and agree that the provisions related to breaches, defaults and remedies under this Agreement, including Sections 14 and 15, were written in a manner intended to both protect Licensor's interests in the Brands and the Brand System IP and to preserve the relationship between Licensor and Licensee for the Term, by, among other things, affording Licensor a variety of remedies commensurate with the nature, scope, and severity of a particular breach or default and permitting Licensor to elect alternative remedies to termination in the event of a breach or default by Licensee. However, the Parties expressly acknowledge and agree that certain breaches and defaults may be so severe that Licensor has no reasonable alternative other than to terminate the entire relationship between the Parties, and that it is the Parties' express intent that Licensor be afforded such discretion.

15.2 Defaults. Licensor shall be entitled to give notice of default to Licensee, which shall give rise to the remedies set forth in this Section 15, upon the occurrence of any of the following: (i) any breach by Licensee listed in Sections 14.1.1 through 14.1.4 (as such events are non-curable by their nature); (ii) Licensee's failure to cure a material breach within the cure period as set forth in the notice of breach; or (iii) Licensor's determination, prior to the expiration of the applicable cure period, that there exists reasonable evidence that Licensee does not intend to cure, or is unable to cure, the material breach identified in the notice of breach. Any notice of breach with respect to a curable breach shall set forth an applicable cure period that is reasonably tailored to the applicable breach, provided that the cure period for any SGM Breach shall be at least one (1) year) and in the event that a notice of breach fails to specify a cure period, then the cure period shall be thirty (30) days unless otherwise set forth in this Agreement (for example, as in Section 14.1.6 pertaining to Payment Defaults).

15.3 Brand Specific Enforcement. Notwithstanding anything in this Agreement to the contrary and for the avoidance of doubt, Licensor may exercise the rights set forth in Section 14.1 and the remedies set forth in this Section 15 as to one or more, but fewer than all, of the Brand licenses. This includes, without limitation and for illustration purposes only, the right of Licensor to terminate Licensee's right to operate a particular Brand Restaurant Business for a single Brand, in which event, Licensee would be permitted and required, following the termination, to continue operating the Brand Restaurant Business(es) for the remaining Brand(s) in accordance with the terms and conditions of this Agreement. Licensee expressly acknowledges and agrees that Licensee's obligation to pay the royalty fees and other amounts due for the remaining Brand(s) under this Agreement shall not be relieved, limited, or otherwise modified as a result of the expiration and non-renewal or termination of one or more, but fewer than all, of the Brand licenses.

15.4 Available Remedies. Upon Licensor giving Licensee a notice of default under Section 15.2, Licensor may, in its sole discretion, terminate this Agreement and all rights granted to Licensee hereunder immediately upon notice to Licensee. Licensor may also, in its sole discretion, exercise any one or more of the following additional remedies:

15.4.1 Institute any and all proceedings permitted by Applicable Laws or in equity with respect to such default, including actions for injunctive and/or declaratory relief (including specific performance) and/or damages;

15.4.2 Suspend or limit Licensee's rights to develop any Restaurant or grant any Sublicenses as determined by Licensor its sole discretion until the default is cured;

15.4.3 Prohibit any Restaurant from opening or operating until the default is cured;

15.4.4 Eliminate or modify the exclusivity granted in Section 2.2 and immediately conduct and further develop the Brand Restaurant Businesses in the Territory or license one or more third parties to do so;

15.4.5 (i) Purchase from Licensee and its Affiliates (which purchase right shall be transferable) the Brand Restaurant Businesses, or any of them, at fair market value, less any damages to Licensor and its Affiliates resulting from Licensee's default and (ii) in connection with such purchase, at Licensor's option and for no additional consideration, require the assignment by Licensee to Licensor (or its designee) of all rights of Licensee under any or all Sublicenses then in effect, in which case Licensor (or its designee) shall assume all obligations of Licensee arising thereunder after such assignment and Licensee shall promptly terminate and enforce the termination of all Sublicenses which Licensor elects not to acquire (collectively, the "Licensor Purchase Right"). Licensor and Licensee will attempt in good faith to agree on the purchase price under subsection 15.4.5(i) and terms and procedures for the exercise of Licensor's rights hereunder, but if they are unable to agree within a reasonable period of time (not to exceed sixty (60) days), the purchase price, terms and procedures will be determined in accordance with Exhibit D. Licensee shall, and shall cause its Affiliates to, effect the transfers and assignments contemplated by this Section 15.4.5 upon such date as Licensor determines, including executing such further documents as may be required; and

15.4.6 Submit the matter directly to arbitration in accordance with Section 17.3 for the sole purpose of determining the amount of damages or other relief to which Licensor is entitled as a result of the default.

15.5 Remedies Cumulative. In addition to the remedies set forth in this Agreement, the Parties may pursue whatever other remedies are available at law or in equity, and all remedies provided under this Agreement are cumulative and not exclusive of other remedies, unless otherwise expressly stated.

16. POST-TERM OBLIGATIONS

16.1 Obligations Following Expiration or Termination. Licensee shall comply, and shall cause any Sublicensee as to which Licensor (or its designees) does not assume the Sublicense under Section 15.4.5(ii) to comply, with the following provisions upon the expiration and non-renewal or termination of this Agreement or of any Brand license granted hereunder. If one or more (but fewer than all) of the Brand licenses expire without renewal or are terminated, the provisions set forth below will apply only with respect to those Brands as to which licenses have expired or been terminated.

16.1.1 Licensee's right to use and sublicense the use of the Brand System IP shall end and Licensee shall (and shall cause the Sublicensees as to which Licensor does not exercise its subrogation rights to) immediately cease all use of the Brand System IP, including the Brand Trademarks.

16.1.2 Licensee shall promptly pay to Licensor all fees and other amounts due under this Agreement.

16.1.3 Licensee shall (and shall cause the Sublicensees as to which Licensor (or its designees) does not assume the Sublicense under 15.4.5(ii) to) cease representing itself as a licensee of Licensor and shall promptly cancel all trade name or other registrations relating to its use of any Brand Trademark, and shall notify all third parties (including Internet domain name authorities and directory publishers) of the termination or expiration of Licensee's right to use any listing, Internet domain name, uniform resource locator, website name, electronic mail address, and search engine metatags and keywords associated with the Brand(s), and shall authorize the transfer of the same to Licensor or its designee.

16.1.4 Licensee, at its sole expense, shall (and shall cause the Sublicensees as to which Licensor does not exercise its subrogation rights to) immediately return to Licensor any and all written materials incorporating Licensor's Confidential Information or shall dispose of such materials as directed by Licensor.

16.1.5 Licensee shall comply with its confidentiality and other obligations under Section 9, its post-term non-competition obligations under Section 10.2 and all other obligations under this Agreement that expressly or by their nature survive expiration or termination.

16.1.6 Licensee and its Affiliates shall not be entitled to receive any compensation or payment from Licensor as a result of the termination or expiration of this Agreement, whether for actual, consequential, indirect, special, incidental or other damages, costs or expenses, whether foreseeable or unforeseeable (including loss of profits, investments or goodwill), any right to which Licensee hereby waives and disclaims. Licensee recognizes that any enhancement of the Brand goodwill or customer base will be primarily attributable to the Brand Trademarks and other Brand System IP and that Licensee has no right to compensation for any contribution it may have made to any such enhancement of goodwill or customer base. Notwithstanding the foregoing, nothing herein shall require Licensee to waive or disclaim any claim which it may have that is derived from a prior breach of this Agreement.

16.1.7 Licensor may exercise the Licensor Purchase Right.

17. DISPUTE RESOLUTION

17.1 Governing Law. This Agreement shall be interpreted and construed under the laws of the United States of America and the State of Texas, U.S.A. (without regard to, and without giving effect to, their conflict of laws rules).

17.2 Pre-Arbitration Dispute Resolution. Subject to Section 14.1.6.C.,

17.2.1 Prior to submitting any dispute under this Agreement (with the exception of any disputes concerning breaches which Licensor has determined not to be curable) to mediation, arbitration or any court or other tribunal, a Party shall provide written notice of the dispute to the other Party. Upon

such notice appropriate executives of Licensee and Licensor who have authority to resolve the dispute will meet either in person or by video conference or similar means and shall discuss and use good faith efforts to resolve the dispute. If the dispute cannot be resolved within thirty (30) days of such notice, then the Parties shall submit the claim for resolution to non-binding mediation in accordance with Section 17.2.2.

17.2.2 If the Parties are unable to resolve a dispute under this Agreement in accordance with Section 17.2.1, the Parties agree to submit the dispute (with the exception of any disputes concerning breaches which Licensor has determined not to be curable) to non-binding mediation before bringing such dispute to arbitration in accordance with Section 17.3. The Parties shall select a mediator within twenty (20) days of the date the dispute is submitted to mediation by either Party. The mediation shall be conducted in English by a mediator mutually and jointly approved by both Parties, and failing agreement of the Parties within the twenty (20) day period, by a mediator appointed by the International Institute for Conflict Prevention and Resolution ("CPR") in accordance with its mediation rules. The mediation shall be conducted at a location mutually and jointly selected by both Parties within ten (10) days following the date on which the mediator is appointed, and failing agreement of the Parties within such time period, then the mediation will be held in Dallas, Texas, U.S.A. The costs and expenses of any such mediation, including compensation and expenses of the mediator (and except for the lawyers' fees incurred by either Party), shall be borne by both Parties equally.

17.3 Arbitration. If the Parties are unable to resolve a dispute under this Agreement by mediation in accordance with Section 17.2.2, then such dispute and any other controversy or claim arising out of or relating to this Agreement, or the breach hereof, including the determination of the scope or applicability of this agreement to arbitrate, shall, upon written request of either Party (the "Arbitration Request"), be determined by arbitration administered by CPR in accordance with the CPR Rules for Administered Arbitration ("Administered Rules"). Subject to Section 14.1.6.C, details of the arbitration are as follows:

17.3.1 There shall be three (3) arbitrators. The panel of three (3) arbitrators will be chosen as follows: (i) within fifteen (15) days from the date of the receipt of the Arbitration Request, each Party will name an arbitrator; and (ii) the two (2) Party-appointed arbitrators will thereafter name a third, independent arbitrator who will act as chairperson of the arbitral tribunal. In the event that either Party fails to name an arbitrator within fifteen (15) days following the date of receipt of the Arbitration Request, then upon written application by either Party, that arbitrator shall be appointed pursuant to the Administered Rules. In the event that, within thirty (30) days from the date on which the second of the two (2) arbitrators was named, the two (2) Party-appointed arbitrators fail to appoint the third, then the third arbitrator will be appointed pursuant to the Administered Rules.

17.3.2 The arbitration shall be conducted in English. Any document that a Party seeks to use that is not in English shall be provided along with an English translation.

17.3.3 The place of arbitration shall be Dallas, Texas, U.S.A.

17.3.4 The arbitrators shall establish procedures under which each Party will be entitled to conduct discovery.

17.3.5 The arbitrators shall award to the substantially prevailing party (as determined by the arbitrators) the costs and expenses of the proceeding, including reasonable attorneys' and experts' fees.

17.3.6 The arbitrators will issue a reasoned award.

17.3.7 Notwithstanding any language herein to the contrary, the Parties agree that the award rendered by the arbitrators (the "Original Award") may be appealed under the CPR Arbitration Appeal Procedure ("Appeal Procedure"). Appeals must be initiated within thirty (30) days of receipt of an Original Award, in accordance with Rule 2 of the Appeal Procedure, by filing a written notice with CPR. The Original Award shall not be considered final until after the expiration of the time for filing the notice of appeal pursuant to the Appeal Procedure. Following the appeal process, either (i) the Original Award, if no changes have been made by the appellate Tribunal, or (ii) the appellate award, if the Original Award has been changed by the appellate tribunal, may be entered in any court having jurisdiction thereof. Unless otherwise agreed by the parties, the appeal shall be conducted at the place of the original arbitration.

17.3.8 Any award rendered by the arbitrators that is not appealed in accordance with the foregoing provisions or that is not modified by the appeal tribunal, and any award as modified or established by the appeal tribunal, shall be final and judgment may be entered thereon in any court having jurisdiction thereof.

17.3.9 Each Party retains the right to apply to any court of competent jurisdiction for provisional and/or conservatory relief, including prearbitral attachments or injunctions, and any such request shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate. In any action or arbitration, the Party who is aggrieved by any actual or threatened breach of this Agreement shall have the right to specific performance and injunctive or other equitable relief, in addition to any and all other rights and remedies, and the Parties agree the monetary damages are inadequate compensation for any loss.

17.3.10 The existence and content of the arbitral proceedings and any rulings or award shall be kept confidential by the Parties and members of the arbitral tribunal except (i) to the extent that disclosure may be required of a Party to comply with Applicable Laws or the rules of any applicable stock exchange, protect or pursue a contractual right or perform a contractual obligation, or enforce or challenge an award in bona fide legal proceedings before a court or other judicial authority, (ii) with the consent of all Parties, (iii) where needed for the preparation or presentation of a claim or defense in arbitration, (iv) where such information is already in the public domain other than as a result of a breach of this Section, or (v) by order of the arbitral tribunal upon application of a Party.

17.4 Limitations Period. Any claim arising out of or relating to this Agreement shall be governed by the statute of limitations under the governing law set forth in Section 17.1.

17.6 Enforcement Costs. Each Party shall bear its own legal costs (including attorneys' and experts' fees, and all other expenses) incurred in enforcing this Agreement or in otherwise pursuing, or defending against, a claim, demand, action, or proceeding under or in connection with this Agreement

18. **REPRESENTATIONS AND WARRANTIES**

18.1 By Licensor. Licensor represents, warrants and covenants that:

18.1.1 It has the full right, power and authority to enter into this Agreement, to grant the rights granted herein and to perform its obligations hereunder.

18.1.2 Neither its execution of this Agreement nor the performance of its obligations hereunder: (i) violates any provision of Applicable Laws or any judgment, writ, injunction, order, or decree of any court or other Governmental Authority having jurisdiction over it or any of its Affiliates; (ii) results in or constitutes a material breach or material default under any indenture, contract, commitment, or restriction to which it or any of its Affiliates is a party or by which it or any of its Affiliates is bound; or (iii) requires any consent, vote, or approval which has not been given or taken.

18.2 By Licensee. Licensee represents, warrants and covenants that:

18.2.1 It has the full right, power and authority to enter into this Agreement and to perform its obligations hereunder.

18.2.2 Neither its execution of this Agreement nor the performance of its obligations hereunder: (i) violates any provision of Applicable Laws or any judgment, writ, injunction, order, or decree of any court or other Governmental Authority having jurisdiction over it or any of its Affiliates; (ii) results in or constitutes a material breach or material default under any indenture, contract, commitment, or restriction to which it or any of its Affiliates is a party or by which it or any of its Affiliates is bound; or (iii) requires any consent, vote, or approval which has not been given or taken.

19. **GENERAL PROVISIONS**

19.1 Independent Contractor. Licensor and Licensee are independent contractors. Neither Party shall hold itself out as a partner, joint-venturer, affiliate, associate, agent, employee, or legal representative of the other. Neither Party is authorized (and shall not represent that it has the right) to act for or on behalf of the other, to legally bind the other, or to make any agreement, warranty, covenant, or other representation or create any express or implied obligation on behalf of the other. Without limiting the foregoing, Licensee and the Sublicensees are solely responsible for the hiring, firing, supervision, compensation and training of all employees of the Brand Restaurant Businesses and no employment relationship shall exist between Licensor and any employees of Licensee or any Sublicensee. Licensee and the Sublicensees are solely responsible for collecting and paying when due all applicable employment taxes, workers' compensation contributions, employment insurance premiums, and all similar taxes and charges arising out of the employment relationship between Licensee or any Sublicensee and its employees.

19.2 Severability. If any provision of this Agreement is finally determined by a court of competent jurisdiction or by an arbitration panel authorized to make such a determination under Section 17.3 to be void, invalid or unenforceable for any reason, then that provision shall be reformed to the minimum extent required to render it legal, valid, and enforceable and to preserve the Parties' original intent and the validity and enforceability of the remaining provisions of this Agreement. Notwithstanding the foregoing, if reformation is not possible, the void, invalid or unenforceable provision shall be deemed to be severable and the remainder of this Agreement shall be and remain valid and in full force and effect; provided, that the terms of this Agreement shall be equitably adjusted so as to compensate the appropriate Party for any consideration lost because of the elimination of any such void, invalid or unenforceable provision. If any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable. Notwithstanding the foregoing, if any arbitration panel or court or other Governmental Authority determines that one or more provisions is invalid, illegal or unenforceable, and such determination would, in the reasonable opinion of Licensor, frustrate any of the essential purposes of this Agreement as determined by Licensor,

then Licensor may terminate this Agreement immediately upon notice to Licensee. Without limiting what Licensor may determine to be an essential purpose of this Agreement, each of the following Sections (and any defined term to the extent used in that Section) is agreed to be an essential purpose of this Agreement: Sections 2.1 (other than 2.1.1), 2.3, 3.1, 3.2, 3.4, 4.1 through 4.6, 5.1, 5.2, 6.1 through 6.3, 9, 10, 12.2, 14, 15, 16, and 17.

19.3 Waiver; Consents and Approvals; Discretion. A Party's waiver of any particular right or breach or default shall not affect or impair that Party's later exercise of that right or the remedies relating to a breach or default of the same or a different kind, nor shall any delay, forbearance or omission of either Party to exercise any right arising out of this Agreement or any remedies relating to a breach or default, affect or impair that Party's rights as to the same or any future exercise of that right or breach or default. A Party's acceptance of any payment due to it shall not be deemed a waiver of any preceding breach of this Agreement. Any consent, approval, authorization or waiver granted under this Agreement will be valid only if in writing and signed by the Party to be charged. Licensor makes no warranties or guaranties and assumes no liability or obligation by providing any waiver, approval, or consent under this Agreement, or by reason of any neglect, delay, or denial of any request therefor. Without limitation of the foregoing, Licensor shall have no liability in connection with or related to the products or services offered or sold at and from any of the Restaurants, even if Licensor required, approved or consented to the product or service. Any provision of this Agreement that grants a Party the right to exercise its discretion shall be construed, unless otherwise conditioned or limited, to mean that Party's sole and absolute discretion.

19.4 Notices and Other Material Communications. Any notice, demand, report or other communication between the Parties with respect to this Agreement or provided for herein must be in writing, in the English language and signed by the Party serving the same and delivered by hand with receipt or by a reputable courier service with tracking capability to the other Party at its address listed on the signature page to this Agreement. Notices will be deemed to have been received if delivered as provided in this Section 19.4. The Party serving the notice shall have the burden of establishing that the notice was received by the other Party, but receipt shall be deemed proven by any third-party carrier's written verification (including a standard form receipt in paper or electronic form) of its delivery of the notice to the other Party at the address listed on the signature page. Each Party may change its address by delivering written notice to the other Party identifying the new address.

19.5 Amendments. Except as otherwise expressly provided in this Agreement, this Agreement and the Brand licenses granted hereunder may be modified or amended only in writing executed by an authorized representative of each Party.

19.6 Binding Effect. The terms of this Agreement shall inure to the benefit of and be binding upon each Party and each Party's permitted successors and assigns.

19.7 Governmental Approvals. If any Governmental Approvals must be obtained to enable the Parties to enter into and perform this Agreement, then Licensee will, at Licensee's expense and with Licensor's reasonable assistance (as needed), use its best efforts to obtain any such Governmental Approval, including Government Approvals with respect to the operation of the Brand Restaurant Businesses, payment of amounts required under this Agreement, and the offer and sale of Future Sublicenses. Neither Party shall apply for any Governmental Approval until the other Party has had an opportunity to review, comment on and consent (not to be unreasonably withheld) to all materials to be filed with any Governmental Authority. Neither Party shall be obligated to consent to any modification of this Agreement pursuant to or in order to obtain any discretionary Governmental Approval, and the Parties agree that the rights, licenses and privileges granted to Licensee under this Agreement are not meant to be increased or expanded by any Governmental Approval. If the consequence of any

Governmental Approval is to alter or increase the rights or economic benefits of one Party to the detriment of the other, then the Parties shall cooperate in good faith to amend this Agreement as necessary to restore their respective rights and benefits to the status that existed prior to the implementation of such Governmental Approval.

19.8 Entire Agreement. This Agreement and all schedules, exhibits, and information incorporated into this Agreement by reference, collectively constitute the entire agreement between the Parties in respect to the subject matter hereof, and supersede all prior understandings or agreements between them in connection with the subject matter of this Agreement. There are no representations, arrangements, understandings or agreements, oral or written, between the Parties relating to the subject matter of this Agreement except those fully expressed herein and each Party disclaims any reliance on any such representations, arrangements, understandings, or agreements except those expressed herein, and no officer, employee, representative or agent of either Party has been or is authorized to make any representation, warranty, or promise not contained in this Agreement.

19.9 Survival. The limitations and obligations under this Agreement that, expressly or by their terms, extend beyond the transfer, expiration, or termination of this Agreement or any Brand license granted hereunder shall survive that transfer, expiration, or termination, including the obligation to pay all amounts due (including fees and related obligations pursuant to Section 3), and the provisions of Section 9 (confidentiality), Section 10 (non-competition), Section 11.1 (indemnity), Section 14 (breach), Section 15 (additional remedies), Section 16 (post-term obligations), Section 17 (dispute resolution), and Section 19 (general provisions).

19.10 Construction. A reference in this Agreement to "including" (or "include" or like term) will not be construed restrictively but will mean "including (or "include" or like term) without prejudice to the generality of the foregoing" and "including (or "include" or like term) but without limitation". The term "shall" is a term of obligation. References to this Agreement will include any Recitals and Exhibits to it, and references to Sections are (unless otherwise indicated) to the sections of this Agreement. The headings are for convenience only and will not affect the interpretation of this Agreement. Unless the context otherwise requires or permits, references to the singular number will include references to the plural number and *vice versa*; references to a "person" will include any company, limited liability partnership, association, partnership, business trust, unincorporated association or other entity; references to a company will include any company, corporation or any body corporate, wherever incorporated; and words denoting any gender will include all genders.

19.11 Counterparts. This Agreement may be executed in one (1) or more counterparts, all of which shall be considered one (1) and the same agreement, and shall become effective when one (1) or more counterparts have been signed by each of the Parties and delivered to the other Party (it being agreed that delivery of a manual, stamp or mechanical signature, whether in person, by courier, by facsimile or by e-mail in portable document format, shall be effective).

19.12 Sublicensees Not Third Party Beneficiaries. The provisions of this Agreement do not and are not intended to confer upon any Sublicensee any rights or remedies hereunder.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement to be effective as of the Effective Date.

LICENSOR:
Yum! Restaurants Asia Pte. Ltd.

By: _____
Name: _____
Title: _____

Address:
Yum! Restaurants Asia Pte. Ltd.
99 Bukit Timah Road, #06-00
Singapore 229835
Attention:

LICENSEE:
Yum Restaurants Consulting (Shanghai) Company Limited

By: _____
Name: _____
Title: _____

Address:
Yum Restaurants Consulting (Shanghai) Company Limited
16/F Two Grand Gateway, 3 Hongqiao Road
Shanghai, the People's Republic of China
Attention:

EXHIBIT A

BRANDS AND BRAND OWNERS

Brand	Name and Address of Brand Owner
KFC	Kentucky Fried Chicken International Holdings, Inc.
Pizza Hut (including Pizza Hut Dine-In and Pizza Hut Home Service)	Pizza Hut International, L.L.C.
Taco Bell	Taco Bell Corp.

EXHIBIT A-1

TACO BELL BRAND DEVELOPMENT INITIATIVE

The Parties acknowledge and agree that the following provisions regarding the Taco Bell Brand are part of the Master License Agreement (the "Agreement"):

1. Notwithstanding anything in the Agreement to the contrary, the license covering the Taco Bell Brand and associated Brand System IP is expressly conditioned on Licensee's fulfillment of the Taco Bell Brand Development Initiative set forth below:

There shall be at least 100 Restaurants open and operating in the Territory under the Taco Bell Brand as of December 31, 2022.

2. If Licensee fails to satisfy the Taco Bell Brand Development Initiative set forth in this Exhibit A-1, Licensor may, at its option upon written notice to Licensee, terminate Licensee's right to enter into new Taco Bell Sublicenses (including new single unit franchise agreements under any then-existing multi-unit development arrangement) and the territorial protections set forth in Section 2.2 of the Agreement with respect to the Taco Bell Brand. However, in such event, Licensee would continue to have the right and obligation to support the Taco Bell Sublicenses in effect as of the effective date of the termination, in accordance with the terms of the Agreement and such Sublicenses. Licensee acknowledges and agrees that any multi-unit development rights for Taco Bell Restaurants granted to a Sublicensee shall be expressly contingent upon Licensee's possession of development rights for Taco Bell Restaurants under the Agreement at the time the Sublicensee seeks to exercise its rights.

EXHIBIT B

CATEGORIES AND SOURCES OF BRAND STANDARDS

This Exhibit B refers to categories and sources of Brand Standards currently published by Licensor and accessible to Licensee. The Brand Standards may be amended by Licensor from time to time in accordance with this Agreement.

- **Trademark Standards** (including Trademark Maintenance and Registration Standards) as set forth in the Brand Standards Manual provided to Licensee by Licensor

- **Quality Assurance Standards** as set forth in the Brand Standards Manual provided to Licensee by Licensor Advertising and Marketing Standards as set forth in the Brand Standards Manual provided to Licensee by Licensor
- **Asset Standards** as set forth in the Brand Standards Manual provided to Licensee by Licensor
- **Governance Standards** as set forth in the Brand Standards Manual provided to Licensee by Licensor
- **Reports and Financial Information** as set forth in the Brand Standards Manual provided to Licensee by Licensor

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EXHIBIT C

CROSS LICENSED IP

Trademark	Class	Registration No.	Registrant	Note
□□	32	4417760	Kentucky Fried Chicken International Holdings, Inc.	This mark has been licensed to East Dawning and Little Sheep. It is subject to the three-year remaining use period.
□□	30	6444522	Yum! Restaurants Asia Pte Ltd	This mark has been licensed to KFC China. It has just been assigned to East Dawning on July 4, 2016. It is not subject to the three-year remaining use period.

EXHIBIT D

LICENSOR PURCHASE RIGHT PROCEDURES

INITIAL AGREEMENTS

1.1 No Frustration of Purpose. From and after the Effective Date and throughout the Term, Licensee shall not, and shall cause each of its Affiliates not to, take any action that, or fail to take any action if such failure, would adversely affect the ability of any such Person to perform such Person's obligations under this Exhibit D or the consummation of the transactions contemplated by this Exhibit D with respect to all or any of the Assets.

2. **DEFINED TERMS; DESIGNEE; INTERPRETATION**

2.1 Defined Terms. As used in this Exhibit D, any terms defined herein have the meanings set forth herein and all other capitalized terms are defined as they appear in the body of the Agreement to which this Exhibit D is attached.

2.2 Designee. Licensee acknowledges and agrees that Licensor shall have the right to designate one or more Persons to exercise any or all of Licensor's rights pursuant to Section 15.4.5 of the Agreement, pursuant to this Exhibit D or otherwise in respect of the Purchase Right, including to purchase any or all of the Selected Assets. For purposes hereof, "Designee" means the Person or Persons designated by Licensor to exercise any or all of such rights. If the Designee includes more than one Person, when exercising a right of Licensor under the Agreement or under this Exhibit D, such Persons shall act collectively through a designated representative.

2.3 Interpretation. Where any right, determination or other decision of Licensor (or its Designee) is granted, required, authorized or otherwise permitted under this Exhibit D, Licensor (or its Designee) shall have the right to exercise such right, make such determination or decide such matter in its sole and absolute discretion. For the avoidance of doubt, no exercise by Licensor (or its Designee) of the Purchase Right with respect to a default (or subsequent abandonment thereof) shall waive or be deemed to waive any further exercise by Licensor of its rights under Section 15.4.5 of the Agreement in respect of any other default by Licensee or any exercise by Licensor of its rights under any other provision of Section 15.4 of the Agreement in respect of the default that resulted in Licensor's exercise of the Purchase Right.

3. **LICENSOR PURCHASE RIGHT**

3.1 General. The provisions of this Exhibit D shall apply to establish the purchase price, terms and procedures applicable in the event Licensor (or its Designee) exercises its right to purchase one or more Brand Restaurant Businesses pursuant to Section 15.4.5 of the Agreement (the Brand Restaurant Businesses to be so purchased, the "Selected Brand Restaurant Businesses") and Licensor (or its Designee) and Licensee are unable to agree upon the purchase price therefor pursuant to Section 15.4.5(i) of the Agreement or the terms and procedures contemplated by Section 15.4.5 of the Agreement on or before the Negotiation End Date. For purposes hereof, the "Negotiation End Date" means the date that is sixty (60) days after Licensor (or its Designee) gives notice to Licensee of Licensor's (or its Designee's) exercise of Licensor's (or its Designee's) right to purchase the Selected Brand Restaurant Businesses pursuant to Section 15.4.5 of the Agreement.

3.2 Purchase Right. From and after the applicable Negotiation End Date, Licensor (or its Designee) shall have the right (the "Purchase Right") to purchase, free and clear of any liens (other than

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immaterial liens incurred in the ordinary course of business), all right, title and interest of Licensee and its Affiliates in, to and under all or any of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired, that are used or held for use in connection with, or otherwise related to, the Selected Brand Restaurant Businesses (collectively, the "Assets"). Licensee acknowledges and agrees that Licensor (or its Designee) may, in connection therewith and under this Exhibit D, purchase all or any of the Assets of the Selected Brand Restaurant Businesses, as determined in accordance with this Exhibit D (the Assets to be so purchased, the "Selected Assets").

4. **STRUCTURE AND PRICE**

4.1 Due Diligence. In addition to the continuing rights to audit and review the books and records of the Brand Restaurant Businesses contemplated by Section 8.1 of the Agreement, the Licensor Parties shall have the right to perform reasonable due diligence on each of the Brand Restaurant Businesses. For purposes hereof, "Licensor Parties" means Licensor and its Affiliates and any of their respective representatives and designees (including any Designee and its representatives). Licensee shall, and shall cause its Affiliates to, provide information to, and reasonably cooperate with, the Licensor Parties in connection with such due diligence (including by responding to any due diligence requests and promptly including requested information and documents in a data room, in each case as reasonably requested by any Licensor Party). In furtherance of and without limiting the foregoing, should any Licensor Party at any time request a financial institution to extend credit to it in connection with the exercise of the Purchase Right, and should such financial institution request access to information regarding any of the Brand Restaurant Businesses, then Licensee shall, and shall cause its Affiliates to, grant such financial institution the same access to the books and records of the Brand Restaurant Businesses as is granted to Licensor in Section 8.1 of the Agreement and access to the due diligence information responsive to any Licensor Party's requests under this Section 4.1 of this Exhibit D.

4.2 Structure. Provided that Licensee has complied with its obligations under Section 4.1 of this Exhibit D, Licensor (or its Designee) shall deliver to Licensee within ninety (90) days after the Negotiation End Date written notice (the "Structure Notice") of Licensor's (or its Designee's) determination of the Selected Assets to be purchased in connection with the exercise of the Purchase Right and the structure for the purchase of the Selected Assets, which may be a purchase of shares or other equity interests of Licensee or any of its Affiliates that owns Selected Assets, a purchase of Selected Assets or a combination thereof (the date of delivery of such notice, the "Structure Determination Date"); provided, in the event that Licensee has breached its obligations under Section 4.1 of this Exhibit D, the Structure Determination Date shall be extended by one day for each day Licensee was in breach of such obligations. For the avoidance of doubt, Licensor (or its Designee) may exclude Assets (including contracts or employees), as determined in its sole discretion, and no structure shall require (and Licensee shall not be entitled to require) the purchaser of any Selected Assets to assume or be liable for any Excluded Liabilities. From and after consummation of the purchase of the Selected Assets pursuant to this Exhibit D, Licensee shall indemnify and hold harmless the Licensor Parties from and against all Excluded Liabilities related to the Selected Brand Restaurant Businesses, other than those liabilities (if any) Licensor (or its Designee) agrees to assume in connection with the exercise of the Purchase Right as set forth in the Structure Notice (such liabilities, if any, the "Assumed Liabilities"). For purposes hereof, "Excluded Liabilities" means any and all liabilities, duties, responsibilities, assessments, costs, expenses, losses, expenditures, charges, fees, penalties, fines, contributions, premiums and obligations of any kind of Licensee or any of its Affiliates, whether known or unknown, asserted or unasserted, liquidated or unliquidated, to the extent relating to or arising during any period of time prior to the closing of the purchase of the Selected Assets. As set forth in Section 15.4.5 of the Agreement, as part of the exercise of the Purchase Right, Licensor (or its Designee) may, for no additional consideration, require the assignment by Licensee to Licensor (or its Designee) of all rights of Licensee under any or all Sublicenses

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then in effect, in which case Licensor (or its Designee) shall assume all obligations of Licensee under the Sublicenses so assigned (the "Selected Sublicenses") to the extent arising after such assignment (which shall be included as Assumed Liabilities) and Licensee shall promptly terminate and enforce the termination of all Sublicenses which Licensor (or its Designee) elects not to have assigned to Licensor (or its Designee).

4.3 No Obligation to Purchase. Licensee acknowledges and agrees that nothing in this Exhibit D or the Agreement requires any Licensor Party to purchase any or all of the Assets of any Brand Restaurant Business, and any Licensor Party's obligations to purchase any or all of such Assets shall be contained in, and subject to execution by such Licensor Party of, a definitive purchase agreement, which any such Licensor Party may decline to do at any time for any reason.

4.4 Price Determination.

4.4.1 Each of Licensor (or its Designee) and Licensee shall, within twenty (20) days after the Structure Determination Date, designate (and notify the other of the designation of) an investment banking firm of recognized international standing to determine the Fair Market Value of the Selected Assets (the date on which each of Licensor (or its Designee) and Licensee has notified the other of such designation, the "Banking Firm Appointment Date") and shall instruct such investment banking firms to jointly designate the Designated Valuation Firm within thirty (30) days after the Banking Firm Appointment Date. For a period of thirty (30) days after the Banking Firm Appointment Date, each investment banking firm shall consult with the other investment banking firm to determine its initial view as to the Fair Market Value of the Selected Assets. For purposes hereof, "Fair Market Value" means the cash price that an unaffiliated third party would pay to acquire the Selected Assets (after giving effect to the assumption by Licensor (or its Designee) of the Assumed Liabilities) in an arm's-length transaction as an on-going concern; provided, that such determination shall be made (i) assuming Licensor (or its Designee) would be required to pay to an unaffiliated third party a royalty of 3% of gross revenues in order to continue the operation of the Selected Assets and (ii) on the basis of the structure for the purchase designated by Licensor (or its Designee) in the Structure Notice, and "Designated Valuation Firm" means the investment banking firm jointly designated by the investment banking firms initially appointed pursuant to this Section 4.4 of this Exhibit D (or otherwise designated in accordance herewith) to determine the Fair Market Value, which is neither an Affiliate of Licensee or Licensor (or its Designee) nor has performed any significant work for Licensee or Licensor (or its Designee) or any of their respective Affiliates within the prior two (2) years. Notwithstanding the foregoing and the other provisions of this Section 4.4 of this Exhibit D, in the event (x) either Licensor (or its Designee) or Licensee fails to notify the other of its selected investment banking firm within the time period specified in this Section 4.4.1 of this Exhibit D, such Person shall have waived its rights to appoint an investment banking firm and the determination of the Fair Market Value shall be made solely by the investment banking firm of the Party which did appoint an investment banking firm within such time period (which banking firm shall, in such case, constitute the Designated Valuation Firm) or (y) the two investment banking firms selected by Licensor (or its Designee) and Licensee do not appoint the Designated Valuation Firm within thirty (30) days after the Banking Firm Appointment Date, the Designated Valuation Firm shall be selected pursuant to the Administered Rules. Each of Licensee and Licensor (or its Designee) shall execute an engagement letter with the Designated Valuation Firm in customary form reasonably acceptable to Licensee, Licensor (or its Designee) and the Designated Valuation Firm.

4.4.2 Within forty-five (45) days after the Banking Firm Appointment Date, each investment banking firm shall determine its final calculation of the Fair Market Value and shall deliver such final calculation to each of Licensor (or its Designee), Licensee and the Designated Valuation Firm. Upon receipt of such final calculations, the Designated Valuation Firm shall, within fifteen (15) days, determine its final calculation of the Fair Market Value by selecting either the Fair Market Value as

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calculated by the investment banking firm selected by Licensor (or its Designee) or the Fair Market Value as calculated by the investment banking firm selected by Licensee.

4.4.3 Licensee shall, and shall cause its Affiliates to, provide reasonable access by each of the designated investment banking firms and the Designated Valuation Firm to members of management of Licensee and its Affiliates and to the books and records of the Selected Brand Restaurant Businesses so as to allow such investment banking firms and the Designated Valuation Firm to conduct due diligence examinations in scope and duration as are customary in valuations of this kind.

4.4.4 Each of Licensee and Licensor agrees to (and agrees to cause its Affiliates and, with respect to Licensor, its Designee to) cooperate with each of the investment banking firms and the Designated Valuation Firm and to provide to them such information as may reasonably be requested. Costs of the Designated Valuation Firm provided for in this Section 4.4 of this Exhibit D shall be borne equally by Licensee, on the one hand, and Licensor (or its Designee), on the other hand, with each of Licensee and Licensor (or its Designee) bearing the cost of its own selected investment banking firm.

5. **CERTAIN COVENANTS**

5.1 Purchase Agreement.

5.1.1 From and after the Structure Determination Date, Licensee and Licensor (or its Designee) shall each use its commercially reasonable efforts acting in good faith to negotiate and enter into a definitive purchase agreement (the "Purchase Agreement") and other reasonably necessary or appropriate definitive agreements, including assignment agreements, bills of sale and/or other instruments of conveyance and assignment (collectively, with the Purchase Agreement, the "Definitive Agreements"), with regard to the purchase of the Selected Assets. For the avoidance of doubt, the Purchase Agreement shall: (a) contain customary representations, warranties, covenants and conditions, including representations and warranties regarding organization and qualification, authority, no conflicts, consents, financial statements, absence of liabilities, absence of certain changes/events, material contracts, title to the Selected Assets, condition of the Selected Assets, real property, inventory, accounts receivable and payable, insurance, legal proceedings, governmental orders, compliance with laws (including employee-related laws and laws relating to corrupt business practices, money laundering, anti-bribery and anti-corruption), permits, environmental matters, tax matters, employee matters and brokers and, if the purchase involves the purchase of shares or other equity interests, title to equity interests, capitalization and subsidiaries; (b) contain customary provisions regarding the indemnification of the Licensor Parties in respect of the Excluded Liabilities as contemplated by Section 4.2 of this Exhibit D and breaches of representations, warranties and covenants; (c) be governed by the law of the State of Texas, U.S.A.; and (d) be consistent with the provisions of this Exhibit D.

5.1.2 If Licensee and Licensor (or its Designee) are unable to negotiate and enter into the Purchase Agreement within forty-five (45) days after the Structure Determination Date, then Licensor (or its Designee) may either (x) abandon pursuit of its Purchase Right (it being understood that such abandonment shall not waive or be deemed to waive any further exercise by Licensor of its rights under Section 15.4.5 of the Agreement in respect of any other default by Licensee or any exercise by Licensor of its rights under any other provision of Section 15.4 of the Agreement in respect of the default that resulted in Licensor's exercise of the Purchase Right so abandoned) or (y) have any outstanding provisions within the Definitive Agreements determined by arbitration administered by CPR in accordance with the Administered Rules as modified by the procedures set forth in this Section 5.1 of this Exhibit D as follows:

(a) If Licensor (or its Designee) elects to have the Definitive Agreements determined by arbitration, it shall so notify Licensee. Within thirty (30) days after the date such notice is given (the date such notice is given, the "Definitive Agreement Arbitration Notice Date"), each of Licensee and Licensor (or its Designee) shall designate (and notify the other of the designation of) an arbitrator and shall instruct such arbitrators to jointly designate the Mutually Designated Arbitrator. In the event that either Licensee or Licensor fails to notify the other of its selected arbitrator within thirty (30) days after the Definitive Agreement Arbitration Notice Date, then upon written application by either Licensee or Licensor (or its Designee), that arbitrator shall be appointed pursuant to the Administered Rules. In the event that the two (2) arbitrators selected as provided in this Section 5.1.2(a) of this Exhibit D fail to appoint the Mutually Designated Arbitrator within forty-five (45) days after Definitive Agreement Arbitration Notice Date, then the Mutually Designated Arbitrator will be appointed pursuant to the Administered Rules. For purposes hereof, "Mutually Designated Arbitrator" means the arbitrator jointly designated by arbitrators initially appointed pursuant to this Section 5.1 of this Exhibit D (or otherwise designated in accordance herewith), which is neither an Affiliate of Licensee or Licensor (or its Designee) nor has performed any significant work for Licensee or Licensor (or its Designee) or any of their respective Affiliates within the prior two (2) years.

(b) Licensee and Licensor (or its Designee) shall each have the right to submit for resolution pursuant hereto all (but not less than all) of the Definitive Agreements and may each provide the Mutually Designated Arbitrator copies of the proposed Purchase Agreement and other Definitive Agreements marked to indicate the provisions that are and are not mutually agreed upon as of such date. Such right to submit materials to the Mutually Designated Arbitrator must be exercised by Licensee or Licensor (or its Designee), as applicable, no later than twenty (20) days after the date on which it is notified of the identity of the Mutually Designated Arbitrator (the last date after which either Licensee or Licensor (or its Designee) may submit proposed Definitive Agreements being the "Submission Cutoff Date"). A copy of all materials submitted to the Mutually Designated Arbitrator pursuant to this Section 5.1.2(b) shall be provided by Licensee or Licensor (or its Designee), as applicable, to the other concurrently with submission thereof to the Mutually Designated Arbitrator.

(c) The Mutually Designated Arbitrator shall consider the positions of Licensee and Licensor (or its Designee) in any materials submitted prior to the Submission Cutoff Date and shall, within thirty (30) days after the Submission Cutoff Date, deliver to each of Licensee and Licensor (and its Designee) a Purchase Agreement and other Definitive Agreements to govern the purchase of the Selected Assets and which: (i) effectuate the purchase of the Selected Assets in accordance with the Structure Notice, incorporate the Fair Market Value (as determined in accordance with this Exhibit D), provide for the assumption of the Assumed Liabilities by Licensor (or its Designee) and the retention of the Excluded Liabilities by Licensee and otherwise conform to, and are not inconsistent with, the other mechanisms and principles agreed by the Parties or set forth in this Exhibit D; and (ii) are determined by the Mutually Designated Arbitrator to be otherwise commercially reasonable and to reflect market terms for transactions of a similar nature to the purchase of the Selected Assets. Subject to the foregoing, in determining the Purchase Agreement and other Definitive Agreements, the Mutually Designated Arbitrator may incorporate provisions and documents recommended by Licensor (or its Designee) or by Licensee or other provisions and documents determined to be appropriate by the Mutually Designated Arbitrator.

(d) The arbitration shall be conducted in English. Any document that a Party seeks to use that is not in English shall be provided along with an English translation.

(e) The place of arbitration shall be Dallas, Texas, U.S.A.

(f) The costs and expenses of any such arbitration, including compensation and expenses of the Mutually Designated Arbitrator (but excluding lawyers' fees incurred by either Party (or its Designee)), shall be borne by both Licensee and Licensor (or its Designee) equally.

(g) The Purchase Agreement and other Definitive Agreements determined by the Mutually Designated Arbitrator in accordance with this Exhibit D shall be final and binding upon Licensee and Licensor (and its Designee), absent manifest error and subject to Section 4.3 of this Exhibit D; provided, that no determination shall, or shall be deemed to, waive (and each of Licensee and Licensor (and its Designee) shall retain, regardless of any determination by the Mutually Designated Arbitrator) the right to seek any and all remedies in the event of any breach by either Party of its covenants set forth in this Exhibit D; provided further, that after any determination, Licensee and Licensor (or its Designee) may (but shall have no right or obligation to) modify the Purchase Agreement or other Definitive Agreements upon mutual agreement.

5.2 Required Consents and Approvals. During and after the negotiation of the Purchase Agreement, Licensee and Licensor (or its Designee) shall each use its commercially reasonable efforts acting in good faith to obtain such governmental and third party consents as may be required in order to consummate the closing of the purchase of the Selected Assets. In the event that a relevant governmental authority or third party refuses to grant any necessary consent, Licensee and Licensor (or its Designee) shall consult with each other and negotiate in good faith an arrangement to provide that the objectives set out in this Exhibit D are met to the fullest extent permissible under Applicable Laws.

5.3 Interim Operations. Subject to compliance with Applicable Laws (as advised in writing by outside counsel), from and after the date on which Licensor (or its Designee) gives notice to Licensee of its exercise of the right to purchase the Selected Brand Restaurant Businesses pursuant to Section 15.4.5 of the Agreement, Licensee shall not, and shall cause its Affiliates not to, engage in any practice, take any action or enter into any transaction outside of the ordinary course of business with respect to the Assets, and Licensee shall, and shall cause its Affiliates to, use commercially reasonable efforts to preserve, intact, all of their respective rights with respect to the Assets and the Selected Brand Restaurant Businesses. In furtherance of the foregoing, and subject to compliance with Applicable Laws (as advised in writing by outside counsel), Licensee shall not, and shall cause its Affiliates not to, except with the prior written consent of Licensor (or its Designee): (a) Transfer any material Assets; (b) enter into any material contract, including any material amendment, modification or termination of any existing material contract, with respect to the Assets, other than in the ordinary course of business consistent with past practice; (c) change any customary methods of operation in any material respect; (d) settle or compromise any material legal proceeding or investigation, or enter into any consent, decree, injunction or similar restraint or form of equitable relief in settlement of any material proceeding or investigation, with respect to the Assets, other than in the ordinary course of business consistent with past practice; or (e) impose or permit to be imposed any lien upon any material Assets, other than in the ordinary course of business consistent with past practice.

Exhibit 10.3

EMPLOYEE MATTERS AGREEMENT

BY AND BETWEEN

YUM! BRANDS, INC.

AND

YUM CHINA HOLDINGS, INC.

DATED AS OF , 2016

EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT (this "Agreement"), dated as of [·], 2016, is by and between Yum! Brands, Inc., a North Carolina corporation ("YUM"), and Yum China Holdings, Inc., a Delaware corporation ("SpinCo").

RECITALS

WHEREAS, the board of directors of YUM (the "YUM Board") has determined that it is in the best interests of YUM and its shareholders to create a new publicly traded company that shall operate the SpinCo Business;

WHEREAS, in furtherance of the foregoing, the YUM Board has determined that it is appropriate and desirable to separate the SpinCo Business from the YUM Business (the "Separation") and, following the Separation, make a distribution, on a pro rata basis and in accordance with a distribution ratio to be determined by the YUM Board, to the shareholders of YUM of all the outstanding SpinCo Shares owned by YUM (the "Distribution");

WHEREAS, YUM and SpinCo are entering into the Separation and Distribution Agreement (the "Separation and Distribution Agreement"), dated as of the date hereof, in order to carry out, effect and consummate the Separation and the Distribution and set forth the principal arrangements between them regarding the terms of the Separation and the Distribution; and

WHEREAS, the Parties desire to provide for and agree upon the allocation between the Parties of the principal employment, compensation, equity plan, and other benefit plan arrangements of each of the Parties and their respective affiliates arising prior to, as a result of, and subsequent to the Separation and the Distribution, and to provide for and agree upon other matters relating to such matters.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Defined Terms. For the purpose of this Agreement, the following terms shall have the following meanings, and capitalized terms used herein and not otherwise defined in this Article I shall have the respective meanings assigned to them in the Separation and Distribution Agreement.

(a) "Action" has the meaning set forth in the Separation and Distribution Agreement.

(b) "Adjusted YUM Award" means an Adjusted YUM Option, Adjusted YUM SAR, Adjusted YUM RSU Award, or Adjusted YUM PSU Award.

(c) "Adjusted YUM Option" means a stock option granted pursuant to a YUM Equity Plan to purchase one or more YUM Shares as adjusted in accordance with Section 6.01.

(d) "Adjusted YUM Option Value" means the Pre-Distribution Stock Value minus the exercise price of the YUM Option immediately prior to the Distribution Date.

(a) "Adjusted YUM RSU Award" means a restricted stock unit award granted pursuant to a YUM Equity Plan as adjusted in accordance with Section 6.01.

(b) "Adjusted YUM PSU Award" means a performance share unit award granted pursuant to a YUM Equity Plan as adjusted in accordance with Section 6.01.

(c) "Adjusted YUM SAR" means a stock appreciation rights award granted pursuant to a YUM Equity Plan as adjusted in accordance with Section 6.01.

(d) "Adjusted YUM SAR Value" means the Pre-Distribution Stock Value minus the exercise price of the YUM SAR immediately prior to the Distribution Date.

(e) "Affiliate" has the meaning set forth in the Separation and Distribution Agreement. It is expressly agreed that, prior to, at and after the Effective Time, for purposes of this Agreement, (a) no member of the SpinCo Group will be deemed to be an Affiliate of any member of the YUM Group, and (b) no member of the YUM Group will be deemed to be an Affiliate of any member of the SpinCo Group.

(f) "Agreement" has the meaning set forth in the Preamble.

(g) "Ancillary Agreements" has the meaning set forth in the Separation and Distribution Agreement.

(h) "Approvals or Notifications" has the meaning set forth in the Separation and Distribution Agreement.

(i) "Benefit Plan" means any (i) "employee benefit plan," as defined in ERISA Section 3(3) (whether or not such plan is subject to ERISA); and (ii) employment, compensation, severance, salary continuation, bonus, thirteenth month, incentive, retirement, thrift, superannuation, savings, pension, workers' compensation, termination benefit (including termination notice requirements), termination indemnity, other indemnification, supplemental unemployment benefit, redundancy pay, profit sharing, deferred compensation, stock ownership, stock purchase, stock option, stock appreciation right, restricted stock, "phantom" stock, performance share, restricted stock unit, other stock-based incentive, change in control, paid time off, perquisite, fringe benefit, vacation, disability, life, or other insurance, death benefit, hospitalization, medical, or other compensatory or benefit plan, program, fund, agreement,

arrangement, or policy of any kind (whether written or oral, qualified or nonqualified, funded or unfunded, foreign or domestic, currently effective or terminated), and any trust, escrow or similar agreement related thereto, whether or not funded, excluding any plan, program, fund, agreement, arrangement, or policy (other than for workers' compensation liabilities) that is mandated by and maintained solely pursuant to applicable Law.

(j) "COBRA" means coverage required by Section 4980B of the Code or ERISA Section 601 et. seq.

(k) "Code" means the U.S. Internal Revenue Code of 1986, as amended.

(l) "Distribution" has the meaning set forth in the Recitals.

(m) "Distribution Date" has the meaning set forth in the Separation and Distribution Agreement.

(n) "Distribution Ratio" means the number of SpinCo Shares distributed in the Distribution in respect of one YUM Share.

(o) "Effective Time" has the meaning set forth in the Separation and Distribution Agreement.

(p) "EIDP Special Conversion Employee" means any Person who is a participant in the YUM EIDP as of the Distribution Date and who was living or working in Australia at any time at which such participant made a deferral under the YUM EIDP.

(q) "Employee" means, as applicable, an employee on the payroll of YUM or any other member of the YUM Group or SpinCo or any other member of the SpinCo Group, including any employee absent from work on account of vacation, jury duty, funeral leave, personal leave, sickness, short-term disability, long-term disability or workers' compensation leave (in each case, unless treated as a separated employee for employment purposes), military leave, family leave, pay continuation leave, or other approved leave of absence or for whom an obligation to recall, rehire or otherwise return to employment exists under a contractual obligation or Law. A Former Employee is not considered an "Employee" for purposes of this Agreement.

(r) "Employee Recoupment Asset" means an employer's right to repayment from an employee or former employee in respect of a tax equalization payment, sign-on bonus payment, relocation expense payment, tuition payment, reimbursement, loan, or other similar item, including any agreement related thereto.

(s) "Employment Agreement" means an employment contract between a member of the YUM Group or the SpinCo Group, as applicable, and an Employee.

(t) "ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

(u) "First Post-Distribution Trading Day" means, with respect to YUM Shares, the first day on or following the Distribution Date on which "regular-way" trading in YUM Shares is reported on the NYSE and, with respect to SpinCo Shares, the first day on or following the Distribution Date on which "regular way" trading in SpinCo Shares is reported on the NYSE.

(v) "Former Employee" means any individual whose employment with YUM and all of its Subsidiaries (including SpinCo and any other member of the SpinCo Group) terminated on or prior to the Distribution Date and for whom no obligation to recall, rehire or otherwise return to employment exists under a contractual obligation or applicable Law.

(w) "Governmental Authority" has the meaning set forth in the Separation and Distribution Agreement.

(x) "Group" has the meaning set forth in the Separation and Distribution Agreement.

(y) "Health and Welfare Plan" means any Benefit Plan established or maintained to provide Employees or Former Employees or their beneficiaries, through the purchase of insurance or otherwise, medical, dental, prescription, vision, short-term disability, long-term disability, death benefits,

life insurance, accidental death and dismemberment insurance, business travel accident insurance, employee assistance program, group legal services, wellness, cafeteria (including premium payment, health care flexible spending account, and dependent care flexible spending account components), travel reimbursement, transportation, vacation benefits, apprenticeship or other training programs, day care centers, or prepaid legal services benefits, including any "employee welfare benefit plan" (as defined in ERISA Section 3(1)), whether or not subject to ERISA, that is not a severance plan.

(z) "Incurred Claim" means a Liability related to services or benefits provided under a Benefit Plan, which will be deemed to be incurred: (i) with respect to medical, dental, vision, and prescription drug benefits, upon the rendering of services giving rise to such Liability; (ii) with respect to death benefits, life insurance, accidental death and dismemberment insurance, and business travel accident insurance, upon the occurrence of the event giving rise to such Liability; (iii) with respect to disability benefits, upon the date of disability, as determined by the applicable disability benefit insurance carrier or claim administrator; (iv) with respect to a period of continuous hospitalization, upon the date of admission to the hospital; and (v) with respect to tuition reimbursement or adoption assistance, upon completion of the requirements for such reimbursement or assistance, whichever is applicable.

(aa) "Indemnifying Party" means a Party required to indemnify any Person hereunder.

(bb) "Indemnitee" means a Party entitled to indemnification hereunder.

(cc) "Intrinsic Value of the Pre-Distribution YUM Option" shall mean the product of (i) the number of YUM Shares subject to the corresponding YUM Option immediately prior to the Distribution Date, multiplied by (ii) the Adjusted YUM Option Value, rounded to the nearest cent.

(dd) "Intrinsic Value of the Pre-Distribution YUM RSU Award" shall mean the product of (i) the number of YUM Shares (including those attributable to dividend equivalent units) subject to the corresponding YUM RSU immediately prior to the Distribution Date, multiplied by (ii) the Pre-Distribution Stock Value.

(ee) "Intrinsic Value of the Pre-Distribution YUM SAR" shall mean the product of (i) the number of YUM Shares subject to the corresponding YUM SAR immediately prior to the Distribution Date, multiplied by (ii) the Adjusted YUM SAR Value, rounded to the nearest cent.

(ff) "Law" has the meaning set forth in the Separation and Distribution Agreement.

(gg) "Liabilities" has the meaning set forth in the Separation and Distribution Agreement.

(hh) "Notice" means any written notice, request, demand or other communication specifically referencing this Agreement and given in accordance with Section 7.08.

(ii) "NYSE" means the New York Stock Exchange.

(jj) "Party" or "Parties" means a party or the parties to this Agreement.

(kk) "Person" has the meaning set forth in the Separation and Distribution Agreement.

(ll) "Pre-Distribution Stock Value" means the volume weighted average per share price of one YUM Share, trading "regular-way," as reported on the NYSE on the day immediately prior to the Distribution Date (or if such day is not an NYSE trading day, on the next preceding NYSE trading day).

(mm) "Pre-Spin Price Ratio" means the quotient of (i) the exercise price of the YUM Option or YUM SAR, as applicable, immediately prior to the Distribution Date, divided by (ii) the Pre-Distribution Stock Value, rounded to the nearest fourth decimal place.

(nn) "Prime Rate" has the meaning set forth in the Separation and Distribution Agreement.

(oo) "Restaurant Deferred Compensation Plan" means the Tricon Restaurant Deferred Compensation Plan, as effective October 7, 1997, as amended.

(pp) "Retained Employee" means any Employee other than a SpinCo Employee.

(qq) "Securities Act" means the U.S. Securities Act of 1933, as amended.

(rr) "Separation" has the meaning set forth in the Recitals.

(ss) "Separation and Distribution Agreement" has the meaning set forth in the Recitals.

(tt) "Special Conversion Employee" means any Person who holds any outstanding YUM Award(s) as of the Distribution Date and who meets one or more of the following:

(i) the Person is a Chinese National who is working in China on the Distribution Date;

(ii) the Person is living or working in Thailand on the Distribution Date;

(iii) the Person was living or working in Australia or the Netherlands when any outstanding YUM Award held by the Person as of the Distribution Date vested, in whole or in part; and/or

(iv) the Person is a SpinCo Employee or a SpinCo Former Employee that received a grant of YUM RSUs in January 2016; provided, however, that this clause shall apply solely with respect to the grant of the YUM RSUs to such Person in January 2016.

(uu) "SpinCo" has the meaning set forth in the Preamble.

(vv) "SpinCo Award" means a SpinCo Option, SpinCo SAR or SpinCo RSU Award, as applicable, issued pursuant to Section 6.01.

(ww) "SpinCo Benefit Plan" means each Benefit Plan sponsored by, maintained by, or contributed to by any member of the SpinCo Group and that covers only SpinCo Employees and/or SpinCo Former Employees.

(xx) "SpinCo Business" has the meaning set forth in the Separation and Distribution Agreement.

(yy) "SpinCo Change of Control" has the meaning set forth in Section 6.01(b).

(zz) "SpinCo Employee" means any Employee who is (i) employed by any member of the SpinCo Group immediately prior to the Distribution Date and who continues in employment with the SpinCo Group from and after the Distribution Date, or (ii) hired by any member of the SpinCo Group on or after the Distribution Date.

(aaa) "SpinCo Equity Plan" means the Yum China Holdings, Inc. Long Term Incentive Plan.

(bbb) "SpinCo Former Employee" means a Former Employee who was primarily employed or engaged in the SpinCo Business immediately prior to such individual's termination of employment.

(ccc) "SpinCo Group" has the meaning set forth in the Separation and Distribution Agreement.

(ddd) "SpinCo Health and Welfare Plan" means a SpinCo Benefit Plan that is a Health and Welfare Plan.

(eee) "SpinCo Leadership Retirement Plan" means the Yum China Holdings, Inc. Leadership Retirement Plan.

(fff) "SpinCo Option" means a stock option issued under a SpinCo Equity Plan to purchase one or more SpinCo Shares in accordance with Section 6.01.

(ggg) "SpinCo Percentage" means the quotient of (i) the SpinCo Post-Distribution Stock Value, divided by (ii) the Total Post-Distribution Stock Value, rounded to the nearest cent.

(hhh) "SpinCo Post-Distribution Stock Value" means the volume weighted average per share price of one SpinCo Share, trading "regular-way," as reported on the NYSE on the First Post-Distribution Trading Day.

(iii) "SpinCo Retirement Plan" means any SpinCo Benefit Plan that is a retirement or pension plan.

(jjj) "SpinCo RSU Award" means a restricted stock unit award issued by SpinCo in accordance with Section 6.01.

(kkk) "SpinCo SAR" means a stock appreciation rights award issued by SpinCo in accordance with Section 6.01.

(lll) "SpinCo Shares" has the meaning set forth in the Separation and Distribution Agreement.

(mmm) "Subsidiary" has the meaning set forth in the Separation and Distribution Agreement.

(nnn) "Tax" has the meaning set forth in the Tax Matters Agreement.

(ooo) "Tax Authority" has the meaning set forth in the Tax Matters Agreement.

(ppp) "Tax Matters Agreement" means the Tax Matters Agreement entered into between the Parties in connection with the Distribution.

(qqq) "Third Party" has the meaning set forth in the Separation and Distribution Agreement.

(rrr) "Third Party Claim" has the meaning set forth in Section 7.09(a).

(sss) "Total Post-Distribution Stock Value" means the sum of (i) the YUM Post-Distribution Stock Value plus (ii) the SpinCo Post-Distribution Stock Value.

(ttt) "YUM" has the meaning set forth in the first paragraph of this Agreement.

(uuu) "YUM 1997 LTIP" means the Yum 1997 Long Term Incentive Plan, as effective October 7, 1997.

(vvv) "YUM 1999 LTIP" means the YUM! Brands, Inc. 1999 Long Term Incentive Plan, as effective May 20, 1999, as amended.

(www) "YUM 401(k) Plan" means the YUM! Brands 401(k) Plan, as effective January 1, 2013, as amended October 21, 2015.

(xxx) "YUM Award" means a YUM Option, YUM SAR, YUM RSU Award or YUM PSU Award, as applicable, which are subject to adjustment in accordance with Section 6.01 and/or with respect to which corresponding SpinCo Awards will be issued pursuant to Section 6.01.

(yyy) "YUM Benefit Plan" means a Benefit Plan sponsored by, maintained by, or contributed to by any member of the YUM Group, other than a SpinCo Benefit Plan.

(zzz) "YUM Board" has the meaning set forth in the Recitals.

(aaaa) "YUM Change of Control" has the meaning set forth in Section 6.01(b).

(bbbb) "YUM Compensation Committee" means the Management Planning and Development Committee of the YUM Board.

(cccc) "YUM Director Deferred Compensation Plan" means, collectively, the YUM Director Deferred Compensation 409A Plan and the YUM Director Deferred Compensation Pre-409A Plan.

(dddd) "YUM Director Deferred Compensation 409A Plan" means the YUM! Brands Director Deferred Compensation Plan, as effective January 1, 2005, and as amended through November 14, 2008.

(eeee) "YUM Director Deferred Compensation Pre-409A Plan" the Yum (f/k/a Tricon) Director Deferred Compensation Plan, as effective October 7, 1997.

(ffff) "YUM EICP" means the YUM! Brands, Inc. Executive Incentive Compensation Plan, as effective May 20, 2004, and as Amended through the Second Amendment, as effective May 21, 2009.

(gggg) "YUM EIDP" means, collectively, the YUM EIDP Pre-409A Program and the YUM EIDP 409A Program.

(hhhh) "YUM EIDP Pre-409A Program" means the YUM! Brands Executive Income Deferral Program, as effective October 7, 1997, and as amended through May 16, 2002.

(iiii) "YUM EIDP 409A Program" means the YUM! Brands Executive Income Deferral Program, as effective January 1, 2005, and as amended through June 30, 2009.

(jjjj) "YUM Equity Plan" means, collectively, the YUM 1997 LTIP, the YUM 1999 LTIP, the YUM GM Stock Plan, the YUM SharePower Plan, the YUM Performance Share Plan, and any incentive compensation program or arrangement that governs the terms of equity-

based incentive awards assumed by the YUM Group in connection with a corporate transaction and that is maintained by the YUM Group immediately prior to the Distribution Date (excluding the SpinCo Equity Plan and any other plan maintained solely by SpinCo or any other member of the SpinCo Group), and any sub-plans established under those programs.

(kkkk) "YUM Former Employee" means a Former Employee who is not a SpinCo Former Employee.

(llll) "YUM GM Stock Plan" means the YUM! Brands, Inc. Restaurant General Manager Stock Plan, as effective April 1, 1999, and as amended through June 23, 2003.

(mmmm) "YUM Group" has the meaning set forth in the Separation and Distribution Agreement.

(nnnn) "YUM Health and Welfare Plan" means a Health and Welfare Plan sponsored by, maintained by, or contributed to by any member of the YUM Group.

(oooo) "YUM Leadership Retirement Plan" means the YUM! Brands Leadership Retirement Plan, as effective January 1, 2005, as amended through December 2009, and as otherwise amended.

(pppp) "YUM Non-U.S. Retirement Plan" means any Benefit Plan that is a pension or retirement plan (other than a severance plan) that is maintained by any member of the YUM Group for the benefit of Employees employed outside the U.S., other than a SpinCo Benefit Plan.

(qqqq) "YUM Option" means a stock option to purchase one or more YUM Shares granted under a YUM Equity Plan and outstanding immediately prior to the Distribution Date.

(rrrr) "YUM Pension Equalization Plans" means, collectively, the YUM! Brands Pension Equalization Plan, as effective January 2005, and as Amended through December 31, 2010, and the YUM! Brands, Inc. Pension Equalization Plan, as effective January 2005, and as Amended through December 30, 2008, and as Amended effective January 1, 2012 and January 1, 2013, respectively.

(ssss) "YUM Percentage" means the quotient of (i) the YUM Post-Distribution Stock Value, divided by (ii) the Total Post-Distribution Stock Value, rounded to the nearest fourth decimal place.

(tttt) "YUM Performance Share Plan" means the YUM! Brands, Inc. Performance Shares Plan, as amended and restated January 1, 2013.

(uuuu) "YUM Post-Distribution Stock Value" means the volume weighted average per share price of one YUM Share, trading "regular-way," as reported on the NYSE on the First Post-Distribution Trading Date.

(vvvv) "YUM PSU Award" means a performance stock unit award granted pursuant to a YUM Equity Plan and outstanding immediately prior to the Distribution Date.

(wwww) "YUM RSU Award" means a restricted stock unit award granted pursuant to a YUM Equity Plan and outstanding immediately prior to the Distribution Date.

(xxxx) "YUM Retirement Plan" means the YUM! Brands Retirement Plan, a defined benefit plan.

(yyyy) "YUM SAR" means a stock appreciation right award granted pursuant to a YUM Equity Plan and outstanding immediately prior to the Distribution Date.

(zzzz) "YUM SharePower Plan" means the YUM SharePower Plan, as effective October 7, 1997, and as amended through June 23, 2003.

(aaaaa) "YUM Shares" has the meaning set forth in the Separation and Distribution Agreement.

ARTICLE II

GENERAL PRINCIPLES

Section 2.01. Allocation of Liabilities.

(a) *SpinCo Liabilities.* Effective as of the Effective Time (but in any case prior to the Distribution), and except as expressly provided in this Agreement, SpinCo hereby assumes (or retains) or will cause any other member of the SpinCo Group to assume (or retain) and agrees to (or to cause another member of the SpinCo Group to) pay, perform, fulfill, and discharge, all Liabilities (i) to the extent relating to, arising out of, or resulting from the employment (or termination of employment) of any SpinCo Employee or any SpinCo Former Employee, whether such Liabilities relate to or arise out of periods on, prior to or after the Distribution Date or (ii) which are expressly assumed or retained by the SpinCo Group pursuant to this Agreement.

(b) *YUM Liabilities.* Effective as of the Effective Time (but in any case prior to the Distribution), and except as expressly provided in this Agreement, YUM hereby assumes (or retains) or will cause any other member of the YUM Group to assume (or retain) and agrees to (or to cause another member of the YUM Group to) pay, perform, fulfill, and discharge, all Liabilities (i) to the extent relating to, arising out of, or resulting from the employment (or termination of employment) of any Retained Employee or any YUM Former Employee, whether such Liabilities relate to or arise out of periods on, prior to or after the Distribution Date or (ii) which are expressly assumed or retained by the YUM Group pursuant to this Agreement.

(c) *Intended Effect; Other Liabilities.* The intended effect of this Agreement, except to the extent expressly provided herein, is that (i) the SpinCo Group (or a member thereof) will assume or retain all Liabilities to or related to SpinCo Employees and SpinCo Former Employees and all Liabilities under or with respect to any SpinCo Benefit Plan or any Employment Agreement with any SpinCo Employee, and (ii) the YUM Group (or a member thereof) will assume and retain all Liabilities to or related to Employees and Former Employees other than SpinCo Employees and SpinCo Former Employees and all Liabilities under the YUM Benefit Plans (including those with respect to SpinCo Employees and SpinCo Former Employees) and any Employment Agreement with any Retained Employee. To the extent that this Agreement does not address particular Liabilities and the Parties later determine that such Liabilities should be allocated in connection with the Separation, the Parties will agree in good faith on the allocation, taking into account the handling of comparable Liabilities under this Agreement.

Section 2.02. Employment with SpinCo.

(a) *Retention of Employees.* From and after the Effective Time, the Parties intend for SpinCo Employees to remain employed by the SpinCo Group on a basis consistent with Section 2.02(b). The Parties will cooperate in good faith to identify clearly the SpinCo Employees. SpinCo will be responsible for, and will indemnify the YUM Group from and against, any Liabilities incurred (including any severance payments made): (i) in connection with the termination of a SpinCo Employee on or after the Distribution Date, (ii) arising from or in connection with a failure or refusal by any SpinCo Employee to continue in employment from and after the Distribution Date, and (iii) any other Liabilities retained or assumed by SpinCo (or any other member of the SpinCo Group) under this Agreement.

(b) *Compensation and Benefits*. Except as expressly provided in this Agreement, the SpinCo Group will provide to each SpinCo Employee as of the Distribution Date (i) base salary at the same rate as provided to that SpinCo Employee immediately prior to the Distribution Date, (ii) cash incentive compensation opportunities that are substantially similar to those offered to such SpinCo Employee immediately prior to the Distribution Date, and (iii) benefits under SpinCo Benefit Plans other than those specified in clause (ii) that are determined in the sole discretion of SpinCo (or the applicable member of the SpinCo Group) or otherwise as required by applicable Law, including the SpinCo Equity Plan and the SpinCo Leadership Retirement Plan. Nothing in the preceding sentence will prevent the SpinCo Group from modifying the compensation and benefits of a SpinCo Employee after the Distribution Date.

Section 2.03. Establishment of SpinCo Plans. From and after the Distribution Date, SpinCo will (or will cause another member of the SpinCo Group to) adopt or continue in effect the SpinCo Benefit Plans (and related trusts, if applicable, as determined by the Parties) that were in effect prior to the Distribution Date and such other SpinCo Benefit Plans as determined in the discretion of the SpinCo Group (or any member thereof), subject to the terms and conditions of Section 2.02(b). Notwithstanding the foregoing or any other provision of this Agreement, SpinCo will adopt the SpinCo Equity Plan and the SpinCo Leadership Retirement Plan prior to the Distribution Date and shall cause the SpinCo Leadership Retirement Plan to reflect the assumption of Liabilities described in Section 3.07 hereof.

Section 2.04. Transfers by Mutual Agreement. The Parties recognize that, prior to and/or for a period of twelve (12) months from the Distribution Date, they may determine it to be in their mutual best interests to transfer an individual classified (or who would otherwise be classified) as a Retained Employee to the SpinCo Group or to transfer an individual classified (or who would otherwise be classified) as a SpinCo Employee to the YUM

Group. With the express written consent of each Party, such individual's employment will be terminated by the YUM Group or the SpinCo Group, as applicable, and such Employee will be immediately hired by the other Party (such terminations and hires are referred to in this Section 2.04 as "transfers"). Retained Employees (or a person who would otherwise be classified as a Retained Employee, in any case with such status being determined as of the date of transfer) who are subsequently transferred to the SpinCo Group pursuant to this Section 2.04 will be treated as Retained Employees for all purposes hereof during their time as Employees of the YUM Group until their actual transfer to the SpinCo Group, upon and following which the Parties will use commercially reasonable efforts to provide that they are treated as SpinCo Employees for all purposes hereof. SpinCo Employees (or a person who would otherwise be classified as a SpinCo Employee, with

such status being determined as of the date of transfer) who are subsequently transferred to the YUM Group pursuant to this Section 2.04 will be treated as SpinCo Employees for all purposes hereof during their time as Employees of the SpinCo Group until their actual transfer to the YUM Group, upon and following which the Parties will use commercially reasonable efforts to provide that they are treated as Retained Employees for all purposes hereof.

ARTICLE III

YUM U.S. QUALIFIED AND NON-QUALIFIED RETIREMENT AND DEFERRED COMPENSATION PLANS

Section 3.01. YUM Retirement Plan. From and after the Distribution Date, the YUM Retirement Plan will continue to be responsible for all Liabilities thereunder and no assets or Liabilities of the YUM Retirement Plan will be transferred to any SpinCo Benefit Plan and the SpinCo Group will not assume any Liabilities under or with respect to the YUM Retirement Plan. Without limiting the generality of the foregoing, SpinCo Employees will cease to be active participants in the YUM Retirement Plan effective as of the Distribution Date and no SpinCo Employee will accrue any benefits under the YUM Retirement Plan for periods after the Distribution Date. All SpinCo Employees will be fully vested in their accrued benefits under the YUM Retirement Plan effective as of the Distribution Date.

Section 3.02. 401(k) Plan. From and after the Distribution Date, the YUM 401(k) Plan will continue to be responsible for all Liabilities thereunder and no assets or Liabilities of the YUM 401(k) Plan will be transferred to any SpinCo Benefit Plan and SpinCo will not assume any Liabilities under or with respect to the YUM 401(k) Plan. Without limiting the generality of the foregoing, SpinCo Employees will cease to be active participants in the YUM 401(k) Plan effective as of the Distribution Date and no SpinCo Employee will accrue any benefits under the YUM 401(k) Plan for periods after the Distribution Date. All SpinCo Employees will be fully vested in their benefits under the YUM 401(k) Plan effective as of the Distribution Date.

Section 3.03. YUM Pension Equalization Plans. From and after the Distribution Date, the YUM Group will continue to be responsible for all Liabilities under and with respect to the YUM Pension Equalization Plans and SpinCo will not assume any Liabilities under or with respect to the YUM Pension Equalization Plans. Without limiting the generality of the foregoing, SpinCo Employees will cease to be active participants in the YUM Pension Equalization Plans effective as of the Distribution Date and no SpinCo Employee will accrue any benefits under the YUM Pension Equalization Plans for periods after the Distribution Date. All SpinCo Employees will be fully vested in their accrued benefits under the YUM Pension Equalization Plans effective as of the Distribution Date. Except to the extent provided by the terms of the applicable YUM Pension Equalization Plan, no SpinCo Employee will be entitled to a distribution from any of the YUM Pension Equalization Plans effective as of the Distribution Date solely as a result of the Distribution.

Section 3.04. YUM EIDP. From and after the Distribution Date, the YUM Group will continue to be responsible for all Liabilities under and with respect to the YUM EIDP and SpinCo will not assume any Liabilities under or with respect to the YUM EIDP. Without limiting the generality of the foregoing, SpinCo Employees will cease to be active participants in

the YUM EIDP effective as of the Distribution Date and no SpinCo Employee will accrue any benefits under the YUM EIDP for periods after the Distribution Date except in accordance with the express terms and conditions of the YUM EIDP. Except to the extent provided by the terms of the YUM EIDP, no SpinCo Employee will be entitled to a distribution from the YUM EIDP effective as of the Distribution Date solely as a result of the Distribution.

Section 3.05. YUM EICP. From and after the Distribution Date, the YUM Group will continue to be responsible for all Liabilities under and with respect to the YUM EICP and SpinCo will not assume any Liabilities under or with respect to the YUM EICP. Without limiting the generality of the foregoing, SpinCo Employees will cease to be active participants in the YUM EICP effective as of the Distribution Date and no SpinCo Employee will accrue any benefits under the YUM EICP for periods after the Distribution Date except in accordance with the express terms and conditions of the YUM EICP. Except to the extent provided by the terms of the YUM EICP, no SpinCo Employee will be entitled to a distribution from the YUM EICP effective as of the Distribution Date solely as a result of the Distribution.

Section 3.06. YUM Director Deferred Compensation Plan. From and after the Distribution Date, the YUM Group will continue to be responsible for all Liabilities under and with respect to the YUM Director Deferred Compensation Plan and SpinCo will not assume any Liabilities under or with respect to the YUM Director Deferred Compensation Plan. Except to the extent provided by the terms of the YUM Director Deferred Compensation Plan, no participant will be entitled to a distribution from the YUM Director Deferred Compensation Plan effective as of the Distribution Date solely as a result of the Distribution.

Section 3.07. YUM Leadership Retirement Plan. From and after the Distribution Date, the YUM Group will be responsible for all Liabilities under and with respect to the YUM Leadership Retirement Plan except those attributable to any SpinCo Employee or SpinCo Former Employee. SpinCo will assume all Liabilities under or with respect to the YUM Leadership Retirement Plan attributable to each SpinCo Employee and SpinCo Former Employee. SpinCo Employees and SpinCo Former Employees will cease to be participants in the YUM Leadership Retirement Plan effective as of the Distribution Date and no SpinCo Employee or SpinCo Former Employee will accrue any benefits under the YUM Leadership Retirement Plan for periods after the Distribution Date. From and after the Distribution Date, no member of the YUM Group will have any Liabilities under or with respect to Yum Leadership Retirement Plan to or with respect to SpinCo Employees or SpinCo Former Employees.

ARTICLE IV

Section 4.01. YUM Non-U.S. Retirement Plans. From and after the Distribution Date, each member of the YUM Group will continue to be responsible for all Liabilities under and with respect to any YUM Non-U.S. Retirement Plan to the extent that it was responsible for such Liabilities immediately prior to the Distribution Date, no assets or Liabilities of any such YUM Non-U.S. Retirement Plan will be transferred to SpinCo or any SpinCo Benefit Plan, and the SpinCo Group will not assume any Liabilities under or with respect to any such YUM Non-U.S. Retirement Plan for which the YUM Group was responsible immediately prior to the Distribution Date. Without limiting the generality of the foregoing, SpinCo Employees will cease to be active participants in the YUM Non-U.S. Retirement Plans effective as of the Distribution Date and no SpinCo Employee will accrue any benefits under any YUM Non-U.S. Retirement Plan for periods after the Distribution Date.

Section 4.02. SpinCo Retirement Plans. From and after the Distribution Date, each member of the SpinCo Group will continue to be responsible for all Liabilities under and with respect to any SpinCo Retirement Plan, no assets or Liabilities of any SpinCo Retirement Plan will be transferred to any YUM Benefit Plan or any member of the YUM Group and no member of the YUM Group will assume or otherwise have any Liabilities under or with respect to any SpinCo Retirement Plan. Without limiting the generality of the foregoing, Retained Employees will cease to be active participants in any SpinCo Retirement Plan effective as of the Distribution

Date and no Retained Employee will accrue any benefits under any SpinCo Retirement Plan for periods after the Distribution Date except in accordance with the express terms and conditions of and applicable SpinCo Retirement Plan. All Retained Employees are currently, and will remain, fully vested in their accrued benefits under the YUM Retirement Plan from and after the Distribution Date.

ARTICLE V

WELFARE AND FRINGE BENEFIT PLANS

Section 5.01. Health and Welfare Plans.

(a) *Allocation of Liabilities; Generally.*

(i) Except as otherwise provided in this Agreement, from and after the Distribution Date, (A) the YUM Group and the YUM Health and Welfare Plans, as applicable, will continue to be responsible for all Liabilities under and with respect to the YUM Health and Welfare Plans (including all Incurred Claims, regardless of when the Incurred Claim arose or was incurred), (B) the YUM Group and the YUM Health and Welfare Plans, as applicable, will retain all assets relating to or associated with the YUM Health and Welfare Plans and Incurred Claims (including Medicare reimbursements, insurance payments and reimbursements, pharmaceutical rebates, and similar items), and (C) no assets or Liabilities of the YUM Health and Welfare Plans will be transferred to any SpinCo Benefit Plan and the SpinCo Group will not assume any Liabilities under or with respect to the YUM Health and Welfare Plans. Without limiting the generality of the foregoing, SpinCo Employees will cease to be active participants in the YUM Health and Welfare Plans effective as of the Distribution Date and no SpinCo Employee will be entitled to any benefits under the YUM Health and Welfare Plans for periods on or after the Distribution Date except as required by applicable Law.

(ii) Except as otherwise provided in this Agreement, from and after the Distribution Date, (A) the SpinCo Group and the SpinCo Health and Welfare Plans, as applicable, will continue to be responsible for all Liabilities under and with respect to the SpinCo Health and Welfare Plans (including all Incurred Claims, regardless of when the Incurred Claim arose or was incurred), (B) the SpinCo Group and the SpinCo Health and Welfare Plans, as applicable, will retain all assets relating to or associated with the SpinCo Health and Welfare Plans and Incurred Claims (including Medicare reimbursements, insurance payments and reimbursements, pharmaceutical rebates, and similar items), and (C) no assets or Liabilities of the SpinCo Health and Welfare Plans will be transferred to any YUM Benefit Plan and the YUM Group will not assume any Liabilities under or with respect to the SpinCo Health and Welfare Plans. Without limiting the generality of the foregoing, YUM Employees will cease to be active participants in the SpinCo Health and Welfare Plans effective as of the Distribution Date and no YUM Employee will be entitled to any benefits under the SpinCo Health and Welfare Plans for periods on or after the Distribution Date except as required by applicable Law.

(b) *COBRA.* Without limiting the generality of Section 5.01(a), the YUM Group will continue to be responsible for compliance with the health care continuation requirements of COBRA, and the corresponding provisions of the YUM Health and Welfare Plans with respect to any (i) Retained Employees and any Former Employees (and their covered dependents) who incur a qualifying event under COBRA on, prior to, or following the Distribution Date, and (ii) any SpinCo Employees (and their covered dependents) who incur a qualifying event under COBRA on or prior to the Distribution Date.

Section 5.02. Vacation, Holidays and Leaves of Absence. Effective as of the Distribution Date, SpinCo will (or will cause any other member of the SpinCo Group to) retain (or assume) all Liabilities of the YUM Group with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each SpinCo Employee and each SpinCo Former Employee. YUM will (or will cause any other member of the YUM Group to) retain all Liabilities with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for all Retained Employees and YUM Former Employees.

Section 5.03. Severance and Unemployment Compensation. Effective as of the Distribution Date, SpinCo will (or will cause another member of the SpinCo Group to) retain (or assume) all Liabilities to, or relating to, SpinCo Employees and SpinCo Former Employees in respect of severance and unemployment compensation. The YUM Group will be responsible for any and all Liabilities to, or relating to, Retained Employees and YUM Former Employees in respect of severance and unemployment compensation.

Section 5.04. Workers' Compensation. With respect to claims for workers' compensation in the United States, (a) the SpinCo Group will be responsible for claims in respect of SpinCo Employees and SpinCo Former Employees, whether occurring or related to events occurring prior to, on or following the Distribution Date, and (b) the YUM Group will be responsible for all claims in respect of Retained Employees and YUM Former Employees, whether occurring or related to events occurring prior to, on or following the Distribution Date.

ARTICLE VI

EQUITY AND INCENTIVE PROGRAMS

Section 6.01. Equity Plans.

(a) The Parties will use commercially reasonable efforts to take all actions necessary or appropriate so that each outstanding YUM Option, YUM SAR, YUM RSU Award, and YUM PSU Award granted under a YUM Equity Plan will be adjusted as set forth in this Section 6.01.

(i) *YUM Options*. As determined by the YUM Compensation Committee pursuant to its authority under the applicable YUM Equity Plan, each YUM Option, regardless of by whom held, whether vested or unvested, will be converted effective as of the Distribution Date as described in this Section 6.01(a)(i).

(A) Each YUM Option held by a Special Conversion Employee will be converted effective as of the Distribution Date into either an Adjusted YUM Option (for Retained Employees and YUM Former Employees) or a SpinCo

Option (for SpinCo Employees and SpinCo Former Employees). Except as otherwise provided in this Section 6.01, each Adjusted YUM Option and each SpinCo Option will be subject to the same terms and conditions (including with respect to vesting and termination) after the conversion as applied to such YUM Option immediately prior to the conversion; provided, however, that:

(1) the per share exercise price of each Adjusted YUM Option subject to this Section 6.01(a)(i)(A) will be equal to the product of (I) the YUM Post-Distribution Stock Value, multiplied by (II) the Pre-Spin Price Ratio, rounded up to the nearest cent;

(2) the number of YUM Shares subject to each Adjusted YUM Option subject to this Section 6.01(a)(i)(A) will be equal to the quotient of (I) the Intrinsic Value of the Pre-Distribution YUM Option; divided by (II) the difference between (A) the YUM Post-Distribution Stock Value and (B) the exercise price calculated pursuant to Section 6.01(a)(i)(A)(1), rounded down to the nearest whole share;

(3) the per share exercise price of each SpinCo Option subject to this Section 6.01(a)(i)(A) will be equal to the product of (I) the SpinCo Post-Distribution Stock Value, multiplied by (II) the Pre-Spin Price Ratio, rounded up to the nearest cent;

(4) the number of SpinCo Shares subject to each SpinCo Option subject to this Section 6.01(a)(i)(A) will be equal to the quotient of (I) the Intrinsic Value of the Pre-Distribution YUM Option; divided by (II) the difference between (A) the SpinCo Post-Distribution Stock Value and (B) the exercise price calculated pursuant to Section 6.01(a)(i)(A)(3), rounded down to the nearest whole share;

provided, however, that the exercise price, the number of YUM Shares and the number of SpinCo Shares subject to such awards, and the terms and conditions of exercise of such awards will be determined (x) in a manner that is consistent with Code Section 409A and, (y) in the case of any YUM Option to which Code Section 421 applies by reason of its qualification under Code Section 422 immediately prior to the Distribution Date, in a manner consistent with the requirements of Code Section 424(a).

(5) Except where prohibited by local law, if the sum of the differences between (I) the Intrinsic Value of the Pre-Distribution YUM Option, minus (II) the Intrinsic Value of the Post-Distribution Adjusted YUM Option for all Adjusted YUM Options subject to this Section 6.01(a)(i)(A) held by the same holder is $20.00 or more, then the holder of such Adjusted YUM Options will receive payment in respect of each such Adjusted YUM Option in an amount equal to such difference, calculated separately for each such Adjusted YUM Option.

(6) Except where prohibited by local law, if the sum of the differences between (I) the Intrinsic Value of the Pre-Distribution YUM Option, minus (II) the Intrinsic Value of the Post-Distribution SpinCo Option for all SpinCo Options subject to this Section 6.01(a)(i)(A) held by the same holder is $20.00 or more, then the holder of such SpinCo Options will receive payment in respect of each such SpinCo Option in an amount equal to such difference, calculated separately for each such SpinCo Option.

(7) For purposes of this Section 6.01(a)(i)(A) only, the following terms shall have the following meanings:

(I) "Intrinsic Value of the Post-Distribution Adjusted YUM Option" shall mean, rounded to the nearest cent, the product of (A) the number of YUM Shares subject to Adjusted YUM Options issued pursuant to Section 6.01(a)(i)(A)(2), multiplied by (B) the difference between (x) the YUM Post-Distribution Stock Value minus (y) the per share exercise price calculated pursuant to Section 6.01(a)(i)(A)(1); and

(II) "Intrinsic Value of the Post-Distribution SpinCo Option" shall mean, rounded to the nearest cent, the product of (A) the number of SpinCo Shares subject to SpinCo Options issued pursuant to Section 6.01(a)(i)(A)(4), multiplied by (B) the difference between (x) the SpinCo Post-Distribution Stock Value minus (y) the per share exercise price calculated pursuant to Section 6.01(a)(i)(A)(3).

(B) Each YUM Option other than those described in Section 6.01(a)(i)(A) will be converted effective as of the Distribution Date into both an Adjusted YUM Option and a SpinCo Option. Except as otherwise provided in this Section 6.01, each Adjusted YUM

Option and each SpinCo Option will be subject to the same terms and conditions (including with respect to vesting and termination) after the conversion as applied to such YUM Option immediately prior to the conversion; provided, however, that:

(1) the per share exercise price of each Adjusted YUM Option subject to this Section 6.01(a)(i)(B), will be equal to the product of (I) the YUM Post-Distribution Stock Value, multiplied by (II) the Pre-Spin Price Ratio, rounded up to the nearest cent;

(2) the number of YUM Shares subject to each Adjusted YUM Option subject to this Section 6.01(a)(i)(B), rounded down to the nearest whole share, will be equal to the quotient of (I) the product of (A) the Intrinsic Value of the Pre-Distribution YUM Option, multiplied by (B) the YUM Percentage, divided by (II) the difference between (A) the YUM

Post-Distribution Stock Value, minus (B) the per share exercise price calculated pursuant to Section 6.01(a)(i)(B)(1);

(3) the per share exercise price of each SpinCo Option issued pursuant to this Section 6.01(a)(i)(B) will be equal to the product of (I) the SpinCo Post-Distribution Stock Value, multiplied by (II) the Pre-Spin Price Ratio, rounded up to the nearest cent; and

(4) the number of SpinCo Shares subject to each SpinCo Option issued pursuant to this Section 6.01(a)(i)(B), rounded down to the nearest whole share, will be equal to the quotient of (I) the product of (A) the Intrinsic Value of the Pre-Distribution YUM Option, multiplied by (B) the SpinCo Percentage, divided by (II) the difference between (A) the SpinCo Post-Distribution Stock Value, minus (B) the per share exercise price calculated pursuant to Section 6.01(a)(i)(B)(3);

provided, however, that the exercise price, the number of YUM Shares and the number of SpinCo Shares subject to such awards, and the terms and conditions of exercise of such awards will be determined (x) in a manner that is consistent with Code Section 409A, and (y) in the case of any YUM Option to which Code Section 421 applies by reason of its qualification under Code Section 422 immediately prior to the Distribution Date, in a manner consistent with the requirements of Code Section 424(a).

(5) Except where prohibited by local law, if the sum of the differences between (I) the Intrinsic Value of the Pre-Distribution YUM Option and (II) the Intrinsic Value of the Post-Distribution Option for all YUM Options subject to this Section 6.01(a)(i)(B) held by the same holder is $20.00 or more, then the holder of such YUM Options will receive payment in respect of each such YUM Option in an amount equal to such difference, calculated separately for each such YUM Option.

(6) For purposes of this Section 6.01(a)(i)(B) only, the following terms shall have the following meanings:

(I) "Intrinsic Value of the Post-Distribution Adjusted YUM Option" shall mean, rounded to the nearest cent, the product of (A) the number of YUM Shares subject to Adjusted YUM Options issued pursuant to Section 6.01(a)(i)(B)(2), multiplied by (B) the difference between (x) the YUM Post-Distribution Stock Value, minus (y) the per share exercise price calculated pursuant to Section 6.01(a)(i)(B)(1).

(II) "Intrinsic Value of the Post-Distribution SpinCo Option" shall mean, rounded to the nearest cent, the product of (A) the number of SpinCo Shares subject to SpinCo Options issued pursuant to Section 6.01(a)(i)(B)(4), multiplied by (B) the difference between (x) the SpinCo Post-Distribution Stock Value,

minus (y) the per share exercise price calculated pursuant to Section 6.01(a)(i)(B)(3).

(III) "Intrinsic Value of the Post-Distribution Option" shall mean, rounded to the nearest cent, the sum of (A) the Intrinsic Value of the Post-Distribution Adjusted YUM Option plus (B) the Intrinsic Value of the Post-Distribution SpinCo Option.

(ii) *YUM SARS*. As determined by the YUM Compensation Committee pursuant to its authority under the applicable YUM Equity Plan, each YUM SAR, regardless of by whom held, whether vested or unvested, will be converted effective as of the Distribution Date as described in this Section 6.01(a)(ii).

(A) Each YUM SAR held by a Special Conversion Employee will be converted effective as of the Distribution Date into either an Adjusted YUM SAR (for Retained Employees and YUM Former Employees) or a SpinCo SAR (for SpinCo Employees and SpinCo Former Employees). Except as otherwise provided in this Section 6.01, each Adjusted YUM SAR and each SpinCo SAR will be subject to the same terms and conditions (including with respect to vesting and termination) after the conversion as applied to such YUM SAR immediately prior to the conversion; provided, however, that:

(1) the per share exercise price of each Adjusted YUM SAR subject to this Section 6.01(a)(ii)(A) will be equal to the product of (I) the YUM Post-Distribution Stock Value, multiplied by (II) the Pre-Spin Price Ratio, rounded up to the nearest cent;

(2) the number of YUM Shares subject to each Adjusted YUM SAR subject to this Section 6.01(a)(ii)(A) will be equal to the quotient of (I) the Intrinsic Value of the Pre-Distribution YUM SAR; divided by (II) the difference between (A) the YUM Post-Distribution Stock Value and (B) the exercise price calculated pursuant to Section 6.01(a)(ii)(A)(1), rounded down to the nearest whole share;

(3) the per share exercise price of each SpinCo SAR subject to this Section 6.01(a)(ii)(A) will be equal to the product of (I) the SpinCo Post-Distribution Stock Value, multiplied by (II) the Pre-Spin Price Ratio, rounded up to the nearest cent;

(4) the number of SpinCo Shares subject to each SpinCo SAR subject to this Section 6.01(a)(ii)(A) will be equal to the quotient of (I) the Intrinsic Value of the Pre-Distribution YUM SAR; divided by (II) the difference between (A) the SpinCo Post-Distribution Stock Value and (B) the exercise price calculated pursuant to Section 6.01(a)(ii)(A)(3), rounded down to the nearest whole share;

provided, however, that the exercise price, the number of YUM Shares and the number of SpinCo Shares subject to such awards, and the terms and conditions of exercise of such awards

will be determined (x) in a manner that is consistent with Code Section 409A, and (y) in the case of any YUM SAR to which Code Section 421 applies by reason of its qualification under Code Section 422 immediately prior to the Distribution Date, in a manner consistent with the requirements of Code Section 424(a).

(5) Except where prohibited by local law, if the sum of the differences between (I) the Intrinsic Value of the Pre-Distribution YUM SAR, minus (II) the Intrinsic Value of the Post-Distribution Adjusted YUM SAR for all Adjusted YUM SARs subject to this Section 6.01(a)(ii)(A) held by the same holder is $20.00 or more, then the holder of such Adjusted YUM SARs will receive payment in respect of each such Adjusted YUM SAR in an amount equal to such difference, calculated separately for each such Adjusted YUM SAR.

(6) Except where prohibited by local law, if the sum of the differences between (I) the Intrinsic Value of the Pre-Distribution YUM SAR, minus (II) the Intrinsic Value of the Post-Distribution SpinCo SAR for all SpinCo SARs subject to this Section 6.01(a)(ii)(A) held by the same holder is $20.00 or more, then the holder of such SpinCo SARs will receive payment in respect of each such SpinCo SAR in an amount equal to such difference, calculated separately for each such SpinCo SAR.

(7) For purposes of this Section 6.01(a)(ii)(A) only, the following terms shall have the following meanings:

(I) "Intrinsic Value of the Post-Distribution Adjusted YUM SAR" shall mean, rounded to the nearest cent, the product of (A) the number of YUM Shares subject to Adjusted YUM SARs issued pursuant to Section 6.01(a)(ii)(A)(2), multiplied by (B) the difference between (x) the YUM Post-Distribution Stock Value, minus (y) the per share exercise price calculated pursuant to Section 6.01(a)(ii)(A)(1); and

(II) "Intrinsic Value of the Post-Distribution SpinCo SAR" shall mean, rounded to the nearest cent, the product of (A) the number of SpinCo Shares subject to SpinCo SARs issued pursuant to Section 6.01(a)(ii)(A)(4), multiplied by (B) the difference between (x) the SpinCo Post-Distribution Stock Value, minus (y) the per share exercise price calculated pursuant to Section 6.01(a)(ii)(A)(3).

(B) Each YUM SAR other than those described in Section 6.01(a)(ii)(A) will be converted effective as of the Distribution Date into both an Adjusted YUM SAR and a SpinCo SAR. Except as otherwise provided in this Section 6.01, each Adjusted YUM SAR and each SpinCo SAR will be subject to the same terms and conditions (including with respect to vesting and termination)

after the conversion as applied to such YUM SAR immediately prior to the conversion; provided, however, that:

(1) the per share exercise price of each Adjusted YUM SAR subject to this Section 6.01(a)(ii)(B) will be equal to the product of (I) the YUM Post-Distribution Stock Value, multiplied by (II) the Pre-Spin Price Ratio, rounded up to the nearest cent;

(2) the number of YUM Shares subject to each Adjusted YUM SAR subject to this Section 6.01(a)(ii)(B), rounded down to the nearest whole share, will be equal to the quotient of (I) the product of (A) the Intrinsic Value of the Pre-Distribution YUM SAR, multiplied by (B) the YUM Percentage, divided by (II) the difference between (A) the YUM Post-Distribution Stock Value, minus (B) the per share exercise price calculated pursuant to Section 6.01(a)(ii)(B)(1);

(3) the per share exercise price of each SpinCo SAR issued pursuant to this Section 6.01(a)(ii)(B) will be equal to the product of (I) the SpinCo Post-Distribution Stock Value, multiplied by (II) the Pre-Spin Price Ratio, rounded up to the nearest cent; and

(4) the number of SpinCo Shares subject to each SpinCo SAR issued pursuant to this Section 6.01(a)(ii)(B), rounded down to the nearest whole share, will be equal to the quotient of (I) the product of (A) the Intrinsic Value of the Pre-Distribution YUM SAR, multiplied by (B) the SpinCo Percentage, divided by (II) the difference between (A) the SpinCo Post-Distribution Stock Value, minus (B) the per share exercise price calculated pursuant to Section 6.01(a)(ii)(B)(3);

provided, however, that the exercise price, the number of YUM Shares and the number of SpinCo Shares subject to such awards, and the terms and conditions of exercise of such awards will be determined (x) in a manner that is consistent with Code Section 409A, and (y) in the case of any YUM SAR to which Code Section 421 applies by reason of its qualification under Code Section 422 immediately prior to the Distribution Date, in a manner consistent with the requirements of Code Section 424(a).

(5) Except where prohibited by local law, if the sum of the differences between (I) the Intrinsic Value of the Pre-Distribution YUM SAR and (II) the Intrinsic Value of the Post-Distribution SAR for all YUM SARs subject to this Section 6.01(a)

(ii)(B) held by the same holder is $20.00 or more, then the holder of such YUM SARs will receive payment in respect of each such YUM SAR in an amount equal to such difference, calculated separately for each such YUM SAR.

(6) For purposes of this Section 6.01(a)(ii)(B) only, the following terms shall have the following meanings:

(I) "Intrinsic Value of the Post-Distribution Adjusted YUM SAR" shall mean, rounded to the nearest cent, the product of (A) the number of YUM Shares subject to Adjusted YUM SARs issued pursuant to Section 6.01(a)(ii)(B)(2), multiplied by (B) the difference between (x) the YUM Post-Distribution Stock Value, minus (y) the per share exercise price calculated pursuant to Section 6.01(a)(ii)(B)(1).

(II) "Intrinsic Value of the Post-Distribution SpinCo SAR" shall mean, rounded to the nearest cent, the product of (A) the number of SpinCo Shares subject to SpinCo SARs issued pursuant to Section 6.01(a)(ii)(B)(4), multiplied by (B) the difference between (x) the SpinCo Post-Distribution Stock Value, minus (y) the per share exercise price calculated pursuant to Section 6.01(a)(ii)(B)(3).

(III) "Intrinsic Value of the Post-Distribution SAR" shall mean, rounded to the nearest cent, the sum of (A) the Intrinsic Value of the Post-Distribution Adjusted YUM SAR plus (B) the Intrinsic Value of the Post-Distribution SpinCo SAR.

(iii) *YUM RSU Awards*. As determined by the YUM Compensation Committee pursuant to its authority under the applicable YUM Equity Plan, each YUM RSU Award, regardless of by whom held, whether vested or unvested, will be converted effective as of the Distribution Date as described in this Section 6.01(a)(iii).

(A) Except as otherwise provided in the Employment Agreement or offer letter of a holder of a YUM RSU Award, each YUM RSU Award held by a Special Conversion Employee will be converted effective as of the Distribution Date into either an Adjusted YUM RSU Award (for Retained Employees and YUM Former Employees) or a SpinCo RSU Award (for SpinCo Employees and SpinCo Former Employees). Except as otherwise provided in this Section 6.01, each Adjusted YUM RSU Award and each SpinCo RSU Award be subject to the same terms and conditions (including with respect to vesting, settlement and termination) after the conversion as applied to such YUM RSU Award immediately prior to the conversion; provided, however, that:

(1) the number of YUM Shares (including those attributable to dividend equivalent units) subject to each Adjusted YUM RSU Award subject to this Section 6.01(a)(iii)(A) will be equal to the quotient of (I) the product of (a) the number of YUM Shares (including those attributable to dividend equivalent units) subject to the corresponding YUM RSU Award immediately prior to the Distribution Date, multiplied by (b) the Pre-Distribution Stock Value, rounded to the nearest cent; divided by (II) the YUM Post-Distribution Stock Value, rounded down to the nearest whole number;

(2) the number of SpinCo Shares subject to each SpinCo RSU Award (including those attributable to dividend equivalent units) subject to this Section 6.01(a)(iii)(A) will be equal to the quotient of (I) the product of (a) the number of YUM Shares (including those attributable to dividend equivalent units) subject to the corresponding YUM RSU Award immediately prior to the Distribution Date, multiplied by (b) the Pre-Distribution Stock Value, rounded to the nearest cent; divided by (II) the SpinCo Post-Distribution Stock Value, rounded down to the nearest whole number.

(3) Except where prohibited by local law, if the sum of the differences between (I) the Intrinsic Value of the Pre-Distribution YUM RSU Award, minus (II) the Intrinsic Value of the Post-Distribution SpinCo RSU Award for all SpinCo RSUs subject to this Section 6.01(a)(iii)(A) held by the same holder is $20.00 or more, then the holder of such SpinCo RSUs will receive payment in respect of each such SpinCo RSU in an amount equal to such difference, calculated separately for each such SpinCo RSU.

(4) For purposes of this Section 6.01(a)(iii)(A) only, the following terms shall have the following meanings:

(I) "Intrinsic Value of the Post-Distribution Adjusted YUM RSU" shall mean, rounded to the nearest cent, the product of (A) the number of YUM Shares subject to Adjusted YUM RSUs issued pursuant to Section 6.01(a)(iii)(A)(1), multiplied by (B) the YUM Post-Distribution Stock Value; and

(II) "Intrinsic Value of the Post-Distribution SpinCo RSU" shall mean, rounded to the nearest cent, the product of (A) the number of SpinCo Shares subject to SpinCo RSUs issued pursuant to Section 6.01(a)(iii)(A)(2), multiplied by (B) the SpinCo Post-Distribution Stock Value.

(B) Except as otherwise provided in the Employment Agreement or offer letter of a holder of a YUM RSU Award, effective as of the Distribution Date, each holder of an outstanding YUM RSU Award other than those described in Section 6.01(a)(iii)(A) will receive an Adjusted YUM RSU Award and a SpinCo RSU Award. Except as otherwise provided in this Section 6.01, each Adjusted YUM RSU Award and each SpinCo RSU Award will be subject to the same terms and conditions (including with respect to vesting, settlement and termination) after the conversion as applied to such YUM RSU Award immediately prior to the conversion; provided, however, that:

(1) the number of YUM Shares (including those attributable to dividend equivalent units) subject to each Adjusted YUM RSU Award subject to this Section 6.01(a)(iii)(B) will be equal to the product of (I) the

number of YUM Shares (including those attributable to dividend equivalent units) subject to the corresponding YUM RSU Award immediately prior to the Distribution Date, multiplied by (II) the Distribution Ratio, rounded down to the nearest whole number;

(2) the number of SpinCo Shares (including those attributable to dividend equivalent units) subject to each SpinCo RSU Award subject to this Section 6.01(a)(iii)(B) will be equal to the quotient of (I) the number of YUM Shares (including those attributable to dividend equivalent units) subject to the corresponding YUM RSU Award immediately prior to the Distribution Date, divided by (II) the Distribution Ratio, rounded down to the nearest whole number.

(3) Except where prohibited by local law, if the sum of the differences between (I) the Intrinsic Value of the Pre-Distribution YUM RSU Award, minus (II) the Intrinsic Value of the Post-Distribution RSU for all YUM RSUs subject to this Section 6.01(a)(iii)(A) held by the same holder is $20.00 or more, then the holder of such YUM RSUs will receive payment in respect of each such YUM RSU in an amount equal to such difference, calculated separately for each such YUM RSU.

(4) For purposes of this Section 6.01(a)(iii)(B) only, the following terms shall have the following meanings:

(I) "Intrinsic Value of the Post-Distribution Adjusted YUM RSU" shall mean, rounded to the nearest cent, the product of (A) the number of YUM Shares subject to Adjusted YUM RSU issued pursuant to Section 6.01(a)(iii)(B)(1), multiplied by (B) the YUM Post-Distribution Stock Value.

(II) "Intrinsic Value of the Post-Distribution SpinCo RSU" shall mean, rounded to the nearest cent, the product of (A) the number of SpinCo Shares subject to SpinCo RSU issued pursuant to Section 6.01(a)(iii)(B)(2), multiplied by (B) the SpinCo Post-Distribution Stock Value.

(III) "Intrinsic Value of the Post-Distribution RSU" shall mean, rounded to the nearest cent, the sum of (A) the Intrinsic Value of the Post-Distribution Adjusted YUM RSU plus (B) the Intrinsic Value of the Post-Distribution SpinCo RSU.

(iv) *YUM PSU Awards*. Each YUM PSU Award outstanding on the Distribution Date will be converted effective as of the Distribution Date into an Adjusted YUM PSU Award. Except as otherwise provided in this Section 6.01, each Adjusted YUM PSU Award will be subject to the same terms and conditions (including with respect to vesting, settlement and termination) after the conversion as applied to the

corresponding YUM PSU Award immediately prior to the conversion; provided, however, that:

(A) the number of YUM Shares subject to each Adjusted YUM PSU Award subject to this Section 6.01(a)(iv) will be equal to the quotient of (I) the product of (a) the number of YUM Shares subject to the corresponding YUM PSU Award immediately prior to the Distribution Date, multiplied by (b) the Pre-Distribution Stock Value, rounded to the nearest cent; divided by (II) the YUM Post-Distribution Stock Value, rounded to four decimal places; and

(B) the performance criteria and performance targets under each Adjusted YUM PSU Award subject to this Section 6.01(a)(iv) will be equitably adjusted prior to the Distribution as determined appropriate or required in the sole discretion of the YUM Compensation Committee.

(b) *Miscellaneous Award Terms*. After the Distribution Date, Adjusted YUM Awards, regardless of by whom held, will be settled by YUM, and SpinCo Awards, regardless of by whom held, will be settled by SpinCo. Except as otherwise provided in this Agreement, with respect to grants described in this Section 6.01, (i) no SpinCo Employee will be treated as having incurred a termination of employment with respect to any YUM Award solely by reason of the transfer of employment, (ii) employment with the YUM Group will be treated as employment with SpinCo with respect to SpinCo Awards held by Retained Employees, and (iii) employment with the SpinCo Group will be treated as employment with YUM with respect to Adjusted YUM Awards held by SpinCo Employees. In addition, none of the Separation, the Distribution, or any employment transfer described in Section 2.04 will constitute a termination of employment for any Employee for purposes of any Adjusted YUM Award or any SpinCo Award. Following the Distribution Date, for any award adjusted under this Section 6.01, any reference to a "change in control," "change of control" or similar definition in an award agreement, Employment Agreement or YUM Equity Plan applicable to such award (A) with respect to Adjusted YUM Awards, will be deemed to refer to a "change in control," "change of control" or similar definition as set forth in the applicable award agreement, Employment Agreement or YUM Equity Plan (a "YUM Change of Control"), and (B) with respect to SpinCo Awards, will be deemed to refer to a "Change in Control" as defined in the SpinCo Equity Plan (a "SpinCo Change of Control"). Without limiting the foregoing, with respect to provisions related to vesting of awards (including lapse of performance conditions, if applicable), a YUM Change of Control will be treated as a SpinCo Change of Control for purposes of SpinCo Awards held by Retained Employees and YUM Former Employees, and a SpinCo Change of Control will be treated as a YUM Change of Control for purposes of Adjusted YUM Awards held by SpinCo Employees and SpinCo Former Employees.

(c) *Tax Reporting and Withholding*. Following the Distribution Date, it is expected that: (i) YUM will be responsible for all income, payroll and other tax remittance and reporting related to income of Retained Employees, YUM Former Employees, and individuals who are or were YUM non-employee directors in respect of Adjusted YUM Awards and SpinCo Awards; and (ii) SpinCo will be responsible for all income, payroll and other tax remittance and reporting related to income of SpinCo Employees and SpinCo Former Employees in respect of Adjusted YUM Awards and SpinCo Awards. YUM or SpinCo, as applicable, will facilitate performance

by the other Party of its obligations hereunder by promptly remitting amounts or shares withheld in conjunction with a transfer of shares or cash, either (as mutually agreed by the Parties) directly to the applicable taxing authority or to the other Party for remittance to such taxing authority. The Parties will cooperate and communicate with each other and with third-party providers to effectuate withholding and remittance of taxes, as well as required tax reporting, in a timely, efficient and appropriate manner.

(d) *Registration and Other Regulatory Requirements.* Prior to the Distribution Date (and in any case before the date of issuance of any SpinCo Shares pursuant to the SpinCo Equity Plan), SpinCo agrees to file a Form S-8 registration statement (or an S-1 or S-3 if a Form S-8 Registration Statement is not then available for any such awards to be granted in accordance with the terms of this Agreement) with respect to, and to cause to be registered pursuant to the Securities Act, the SpinCo Shares authorized for issuance under the SpinCo Equity Plan, as required pursuant to the Securities Act. The Parties will take such additional actions as are deemed necessary or advisable to effectuate the foregoing provisions of this Section 6.01, including compliance with securities Laws and other legal requirements associated with equity compensation awards in affected non-U.S. jurisdictions. YUM agrees to facilitate the adoption and approval of the SpinCo Equity Plan consistent with the requirements of Treasury Regulations Section 1.162-27(f)(4)(iii).

(e) *YUM Equity-Based Awards in Certain Non-U.S. Jurisdictions.* Notwithstanding the foregoing provisions of this Section 6.01, the Parties may mutually agree, in their sole discretion, not to adjust certain outstanding YUM equity-based awards pursuant to the foregoing provisions of this Section 6.01 where those actions would create or trigger adverse legal, accounting or tax consequences for YUM, SpinCo and/or the affected non-U.S. award holders. In such circumstances, YUM and/or SpinCo may take any action necessary or advisable to prevent any such adverse legal, accounting or tax consequences, including agreeing that the outstanding YUM equity-based awards of the affected non-U.S. award holders will terminate in accordance with the terms of the YUM Equity Plans and the underlying award agreements, in which case SpinCo or YUM, as applicable, will equitably compensate the affected non-U.S. award holders in an alternate manner determined by SpinCo or YUM, as applicable, in its sole discretion, or apply an alternate adjustment method. Where and to the extent required by applicable Law or tax considerations outside the United States, the adjustments described in this Section 6.01 will be deemed to have been effectuated immediately prior to the Distribution Date.

(f) *Limitations on Value After Conversion of Awards.* Notwithstanding any other provision of this Agreement to the contrary, in the case of any YUM Option or YUM SAR, all conversions and adjustments pursuant to this Section 6.01 will be made in accordance with Code Sections 409A and 424. Without limiting the generality of the preceding sentence, in no event shall the excess of the aggregate fair market value of the YUM Shares and/or SpinCo Shares subject to any Adjusted YUM Option or Adjusted YUM SAR and a corresponding SpinCo Option or SpinCo SAR, as applicable, plus the value of any cash payment to be made pursuant to the individual pursuant to Sections 6.01(a)(i)(A)(5), 6.01(a)(i)(A)(6), 6.01(a)(i)(B)(5), 6.01(a)(ii)(A)(5), 6.01(a)(ii)(A)(6) or 6.01(a)(ii)(B)(5) exceed the fair market value of the number of YUM Shares subject to the corresponding YUM Option or YUM SAR immediately prior to the Distribution Date. In addition, following the conversion or adjustment, the ratio of the exercise price to the fair market value of the YUM Shares or SpinCo Shares, as applicable,

subject to the Adjusted YUM Option, Adjusted YUM SAR and corresponding SpinCo Option or SpinCo SAR, as applicable, shall not exceed the ratio of the exercise price to the fair market value of the shares subject to the YUM Option or YUM SAR, as applicable, immediately before the Distribution Date. For purposes of this Section 6.01(f), the fair market value of YUM Shares or SpinCo Shares, as of any date, will be equal to the volume weighted average per share price of one YUM Share or SpinCo Share, as applicable, trading "regular-way," as reported on the NYSE on the applicable date (or if such day is not a NYSE trading day, on the next preceding NYSE trading day) or, for periods on or after the Distribution Date, on the First Post-Distribution Trading Day.

Section 6.02. Bonus and Incentive Plans.

(a) *Generally.* The SpinCo Group will be responsible for all annual bonus payments and other cash incentive payments to SpinCo Employees in respect of any plan year, the payment date for which occurs on or after the applicable SpinCo Employee's Distribution Date.

(b) *YUM EIDP.* Effective as of the Distribution Date, the YUM EIDP will be amended to provide for (i) a SpinCo common stock account with respect to the YUM EIDP Pre-409A Program and (ii) a Phantom SpinCo common stock fund with respect to the YUM EIDP 409A Program. Effective as of the Distribution Date:

(i) For each YUM Common Stock Account (as such term is used under the YUM EIDP Pre-409A Program) held by an EIDP Special Conversion Employee under the YUM EIDP Pre-409A Program, such YUM Common Stock Account will be converted effective as of the Distribution Date into an Adjusted YUM Common Stock Account. The Adjusted YUM Common Stock Account will be credited with that number of phantom YUM Shares equal to the quotient of (A) the product of (1) the number of phantom YUM Shares credited to the YUM Common Stock Account under the YUM EIDP Pre-409A Program immediately prior to the Distribution Date, multiplied by (2) the Pre-Distribution Stock Value; divided by (B) the YUM Post-Distribution Stock Value, rounded to four decimal places.

(ii) For each YUM Common Stock Account under the YUM EIDP Pre-409A Program other than those described in Section 6.02(b)(i), such YUM Common Stock Account will be converted effective as of the Distribution Date into an Adjusted YUM Common Stock Account and a SpinCo Common Stock Account. The Adjusted YUM Common Stock Account will be credited with that number of phantom YUM Shares equal to the product of (A) the number of phantom YUM Shares credited to the YUM Common Stock Account under the YUM EIDP Pre-409A Program immediately prior to the Distribution Date, multiplied by (B) the Distribution Ratio, rounded to four decimal places. The SpinCo Common Stock Account will be credited with that number of phantom SpinCo Shares equal to the quotient of (A) the number of phantom YUM Shares credited to the YUM Common Stock Account under the YUM EIDP Pre-409A Program immediately prior to the Distribution Date, divided by (B) the Distribution Ratio, rounded to four decimal places.

(iii) For each Phantom Yum! Brands Common Stock Fund (as such term is used under the YUM EIDP 409A Program) held by an EIDP Special Conversion Employee under the YUM EIDP 409A Program, such Phantom Yum! Brands Common Stock Fund will be converted effective as of the Distribution Date into an Adjusted Phantom YUM Common Stock Fund. The Adjusted Phantom YUM Common Stock Fund will be credited with that number of phantom YUM Shares equal to the quotient of (A) the product of (1) the number of phantom YUM Shares credited

to the Phantom Yum! Brands Common Stock Fund under the YUM EIDP 409A Program immediately prior to the Distribution Date, multiplied by (2) the Pre-Distribution Stock Value; divided by (B) the YUM Post-Distribution Stock Value, rounded to four decimal places.

(iv) For each Phantom Yum! Brands Common Stock Fund under the YUM EIDP 409A Program other than those described in Section 6.02(b)(iii), such Phantom Yum! Brands Common Stock Fund will be converted effective as of the Distribution Date into an Adjusted Phantom YUM Common Stock Fund and a Phantom SpinCo Common Stock Fund. The Adjusted Phantom YUM Common Stock Fund will be credited with that number of phantom YUM Shares equal to the product of (A) the number of phantom YUM Shares credited to the Phantom Yum! Brands Common Stock Fund under the YUM EIDP 409A Program immediately prior to the Distribution Date, multiplied by (B) the Distribution Ratio, rounded to four decimal places. The Phantom SpinCo Common Stock Fund will be credited with that number of phantom SpinCo Shares equal to the quotient of (A) the number of phantom YUM Shares credited to the Phantom Yum! Brands Common Stock Fund under the YUM EIDP 409A Program immediately prior to the Distribution Date, divided by (B) the Distribution Ratio, rounded to four decimal places.

Except as otherwise provided under the YUM EIDP, any amounts credited to the SpinCo Common Stock Account and the Phantom SpinCo Common Stock Fund will be settled in cash (and not in SpinCo Shares).

(c) *Restaurant Deferred Compensation Plan.* Effective as of the Distribution Date, the Restaurant Deferred Compensation Plan will be amended to provide for a Phantom SpinCo Common Stock Account. Effective as of the Distribution Date for each Account (as such term is used under the Restaurant Deferred Compensation Plan) under the Restaurant Deferred Compensation Plan, any portion of such Account deemed invested in YUM Shares will be converted effective as of the Distribution Date into an Adjusted YUM Common Stock Account and a SpinCo Common Stock Account. The Adjusted YUM Common Stock Account will be credited with that number of phantom YUM Shares equal to the product of (A) the number of phantom YUM Shares credited to the Account under the Restaurant Deferred Compensation Plan immediately prior to the Distribution Date, multiplied by (B) the Distribution Ratio, rounded to four decimal places. The SpinCo Common Stock Account will be credited with that number of phantom SpinCo Shares equal to the quotient of (A) the number of phantom YUM Shares credited to the Account under the Restaurant Deferred Compensation Plan immediately prior to the Distribution Date, divided by (B) the Distribution Ratio, rounded to four decimal places.

(d) *YUM Director Deferred Compensation Plan.* Effective as of the Distribution Date, the YUM Director Deferred Compensation Plan will be amended to provide for a Phantom SpinCo Common Stock Account. Effective as of the Distribution Date:

(i) For each participant Account (as such term is used under the YUM Director Deferred Compensation Pre-409A Plan) under the YUM Director Deferred Compensation Pre-409A Plan, such participant Account will be converted effective as of the Distribution Date into an Adjusted Phantom YUM Common Stock Account and a Phantom SpinCo Common Stock Account. The Adjusted Phantom YUM Common Stock Account will be credited with that number of phantom YUM Shares equal to the product of (A) number of phantom YUM Shares credited to participant Account under the YUM Director Deferred Compensation Pre-409A Plan immediately prior to the Distribution Date, multiplied by (B) the Distribution Ratio, rounded to four decimal places. The Phantom SpinCo Common Stock Account will be credited with that number of phantom SpinCo Shares equal to the quotient of (A) number of phantom YUM Shares credited to the participant Account under the YUM Director Deferred Compensation Pre-409A Plan immediately prior to the Distribution Date, divided by (B) the Distribution Ratio, rounded to four decimal places.

(ii) For each phantom Yum! Brands Common Stock Fund (as such term is used under the YUM Director Deferred Compensation 409A Plan) under the YUM Director Deferred Compensation 409A Plan, such phantom Yum! Brands Common Stock Fund will be converted effective as of the Distribution Date into an Adjusted Phantom YUM Common Stock Account and a Phantom SpinCo Common Stock Account. The Adjusted Phantom YUM Common Stock Account will be credited with that number of phantom YUM Shares equal to the product of (A) number of phantom YUM Shares credited to the phantom Yum! Brands Common Stock Fund under the YUM Director Deferred Compensation 409A Plan immediately prior to the Distribution Date, multiplied by (B) the Distribution Ratio, rounded to four decimal places. The Phantom SpinCo Common Stock Account will be credited with that number of phantom SpinCo Shares equal to the quotient of (A) number of phantom YUM Shares credited to the phantom Yum! Brands Common Stock Fund under the YUM Director Deferred Compensation 409A Plan immediately prior to the Distribution Date, divided by (B) the Distribution Ratio, rounded to four decimal places.

Except as otherwise provided under the YUM Director Deferred Compensation Plan, any amounts credited to the Phantom SpinCo Common Stock Account will be settled in cash (and not in SpinCo Shares).

ARTICLE VII

MISCELLANEOUS

Section 7.01. Transfer of Records. YUM will transfer to SpinCo any and all employment records and information (including any Form 1-9, Form W-2 or other Internal Revenue Service forms, personnel files, performance reviews and other employment related information) with respect to SpinCo Employees and other records reasonably required by SpinCo

to enable SpinCo properly to carry out its obligations under this Agreement. Such transfer of records generally will occur as soon as administratively practicable on or after the Distribution Date. Each Party will permit the other Party reasonable access to Employee records to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder. Any transfer required hereunder will be required only to the extent required or permitted by applicable local Law.

Section 7.02. Cooperation. Each Party will upon reasonable request provide the other Party and the other Party's respective Affiliates, agents and vendors all information reasonably necessary to the other Party's performance of its obligations hereunder. The Parties agree to use commercially reasonable efforts and to cooperate with each other to carry out their obligations hereunder and to effectuate the terms of this Agreement. Without limiting the generality of the foregoing, no later than January 15, 2017, (a) YUM shall provide to SpinCo all information relating to the performance of the YUM Group following the Distribution that is necessary for SpinCo to calculate any performance bonuses (including any leadership bonuses) payable to any

SpinCo Employee or SpinCo Former Employee for the 2016 calendar year and (b) SpinCo shall provide to YUM all information relating to the performance of the SpinCo Group following the Distribution that is necessary for YUM to calculate any performance bonuses (including any leadership bonuses) payable to any YUM Employee or YUM Former Employee for the 2016 calendar year.

Section 7.03. Tax Benefits. If any member of the YUM Group remits a payment to a Tax Authority for Taxes for any SpinCo Employee or a SpinCo Former Employee, SpinCo shall remit to YUM the amount for which it is liable within thirty (30) days after receiving written notification requesting such amount. If any member of the SpinCo Group remits a payment to a Tax Authority for Taxes for any Retained Employee or any YUM Former Employee, YUM shall remit to SpinCo the amount for which it is liable within thirty (30) days after receiving written notification requesting such amount. Effective as of the Distribution Date, the YUM Group will be entitled to all Employee Recoupment Assets in respect of all Employees and Former Employees to the extent that the Employee Recoupment Asset relates to a payment made prior to the Distribution Date and shall be entitled to all Employee Recoupment Assets in respect of all Employees and Former Employees regardless of when (or by whom) the payment to which the Employee Recoupment Asset was made. The SpinCo Group will be entitled all Employee Recoupment Assets in respect of SpinCo Employees and SpinCo Former Employees to the extent that the Employee Recoupment Asset relates to a payment made by the SpinCo Group after the Distribution Date. Without limiting the generality of the foregoing, the SpinCo Group shall assume all liabilities and obligations for tax equalization payments payable to the individuals set forth on Schedule 7.03 and, to the extent necessary, the YUM Group shall be entitled to reimbursement from the SpinCo group with respect to any tax equalization payments made after the Distribution Date to any individual listed in Schedule 7.03.

Section 7.04. Compliance. The agreements and covenants of the Parties hereunder will at all times be subject to the requirements and limitations of applicable Law (including local Laws, rules and customs relating to the treatment of benefit plans) and collective bargaining agreements. Where an agreement or covenant of a Party hereunder cannot be effected in compliance with applicable Law or an applicable collective bargaining agreement, the Parties agree to negotiate in good faith to modify such agreement or covenant to the least extent possible

in keeping with the original agreement or covenant in order to comply with applicable Law or such applicable collective bargaining agreement. Each provision of this Agreement is subject to and qualified by this Section 7.04, whether or not such provision expressly states that it is subject to or limited by applicable Law or by applicable collective bargaining agreements. Each reference to the Code, ERISA, or the Securities Act or any other Law will be deemed to include the rules, regulations, and guidance issued thereunder.

Section 7.05. Preservation of Rights. Unless expressly provided otherwise in this Agreement, nothing herein will be construed as a limitation on the right of the YUM Group or the SpinCo Group to (a) amend or terminate any Benefit Plan or (b) terminate the employment of any Employee.

Section 7.06. Not a Change in Control. The Parties acknowledge and agree that the Separation, Distribution and other transactions contemplated by the Separation and Distribution Agreement and this Agreement do not constitute a “change in control” or a “change of control” for purposes of any Benefit Plan, any Employment Agreement or any other agreement or arrangement.

Section 7.07. Reimbursements; Interest on Late Payments. The Parties acknowledge and agree that the YUM Group, on one hand, and the SpinCo Group, on the other hand, may incur costs and expenses (including payment of compensation) which are the responsibility of the other Party as set forth in this Agreement. Accordingly, the Parties agree to reimburse each other for Liabilities and obligations for which such Party is responsible, and will provide such reimbursement reasonably promptly and in accordance with the terms of any agreement between the Parties or their Affiliates addressing such matters. Payments pursuant to this Agreement that are not made by the date prescribed in this Agreement or, if no such date is prescribed, within thirty (30) days after written demand for payment is made, shall accrue interest for the period from and including the date immediately following the due date therefor through and including the date of payment at a rate per annum equal to the Prime Rate plus three percent (3%). Such rate shall be redetermined at the beginning of each calendar quarter following such due date. Such interest will be payable at the same time as the payment to which it relates and shall be calculated on the basis of a year of three hundred sixty-five (365) days and the actual number of days for which due.

Section 7.08. Notices. Unless expressly provided herein, all notices, requests, claims, demands or other communications under this Agreement shall be delivered in accordance with the requirements for the provision of notice set forth in Section 10.5 of the Separation and Distribution Agreement.

Section 7.09. Procedures for Indemnification of Third-Party Claims.

(a) *Notice of Claims.* If, at or following the Effective Time, an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the YUM Group or the SpinCo Group of any claim or of the commencement by any such Person of any Action (collectively, a “Third-Party Claim”) with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to or any Section of this Agreement, such Indemnitee shall give such

Indemnifying Party written notice thereof as soon as practicable, but in any event no later than fourteen (14) days after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail, including the facts and circumstances giving rise to such claim for indemnification, and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in accordance with this Section 7.09(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent (if any) to which the Indemnifying Party is actually prejudiced by the Indemnitee’s failure to provide notice in accordance with this Section 7.09(a).

(b) *Control of Defense.* An Indemnifying Party may elect to defend (and seek to settle or compromise, subject to Section 7.09(e)), at its own expense and with its own counsel, any Third-Party Claim; provided that, prior to the Indemnifying Party assuming and controlling defense of such Third-Party Claim, it shall first confirm to the Indemnitee in writing that, assuming the facts presented to the Indemnifying Party by the Indemnitee being true, the Indemnifying Party shall indemnify the Indemnitee for any Liabilities to the extent resulting from, or arising out of, such Third-Party Claim. Notwithstanding the foregoing, if the Indemnifying Party assumes such defense and, in the course of defending such Third-Party Claim, (i) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third-Party Claim were not true in all material respects and (ii) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in

respect of such Third-Party Claim, then (A) the Indemnifying Party shall not be bound by such acknowledgment, (B) the Indemnifying Party shall promptly thereafter provide the Indemnitee written notice of its assertion that it does not have an indemnification obligation in respect of such Third-Party Claim and (C) the Indemnitee shall have the right to assume the defense of such Third-Party Claim. Within thirty (30) days after the receipt of a notice from an Indemnitee in accordance with Section 7.09(a) (or sooner, if the nature of the Third-Party Claim so requires), the Indemnifying Party shall provide written notice to the Indemnitee indicating whether the Indemnifying Party shall assume responsibility for defending the Third-Party Claim. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of the notice from an Indemnitee as provided in Section 7.09(a), then the Indemnitee that is the subject of such Third-Party Claim shall be entitled to continue to conduct and control the defense of such Third-Party Claim.

(c) *Allocation of Defense Costs*. If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, then such Indemnifying Party shall be solely liable for all fees and expenses incurred by it in connection with the defense of such Third-Party Claim and shall not be entitled to seek any indemnification or reimbursement from the Indemnitee for any such fees or expenses incurred by the Indemnifying Party during the course of the defense of such Third-Party Claim by such Indemnifying Party, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of a notice from an Indemnitee as provided in Section 7.09(a), and the Indemnitee conducts and controls the defense of such Third-Party Claim and the Indemnifying Party has an indemnification obligation with respect to such Third-Party Claim, then the Indemnifying Party shall be liable for all

reasonable fees and expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim.

(d) *Right to Monitor and Participate.* An Indemnitee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that has failed to elect to defend any Third-Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel, as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnitee or Indemnifying Party, but the fees and expenses of such counsel shall be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the provisions of Section 7.09(c) shall not apply to such fees and expenses. Notwithstanding the foregoing, but subject to Sections 6.7 and 6.8 of the Separation and Distribution Agreement, such Indemnitee or Indemnifying Party shall cooperate with the Party entitled to conduct and control the defense of such Third-Party Claim in such defense and make available to the controlling Party, at the non-controlling Party's expense, all witnesses, information and materials in such Party's possession or under such Party's control relating thereto as are reasonably required by the controlling Party. In addition to the foregoing, if any Indemnitee shall in good faith determine that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation inappropriate, then the Indemnitee shall have the right to employ separate counsel (including local counsel, as necessary) and to participate in (but not control) the defense, compromise, or settlement thereof, and the Indemnifying Party shall bear the reasonable fees and expenses of such counsel for all Indemnitees.

(e) *No Settlement.* Neither Party may settle or compromise any Third-Party Claim for which either Party is seeking to be indemnified hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld, conditioned or delayed, unless such settlement or compromise is solely for monetary damages that are fully payable, and are capable of being paid in full, by the settling or compromising Party, does not involve any admission, finding or determination of wrongdoing or violation of Law by the other Party (or any other member of its Group or any of their respective past, present or future directors, officers or employees) and provides for a full, unconditional and irrevocable release of the other Party (and each other relevant member of its Group and any of its or their relevant past, present, or future directors, officers or employees) from all Liability in connection with the Third-Party Claim. The Parties hereby agree that if a Party presents the other Party with a written notice containing a proposal to settle or compromise a Third-Party Claim for which either Party is seeking to be indemnified hereunder and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within thirty (30) days (or within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal shall be deemed to have consented to the terms of such proposal.

Section 7.10. Limitation on Enforcement. This Agreement is an agreement solely between the Parties. Nothing in this Agreement, whether express or implied, will be construed to: (a) confer upon any current or former Employee of the YUM Group or the SpinCo Group, or any other person any rights or remedies, including to any right to (i) employment or recall; (ii) continued employment or continued service for any specified period; or (iii) claim any particular compensation, benefit or aggregation of benefits, of any kind or nature; or (b) create, modify, or amend any Benefit Plan.

Section 7.11. Disputes. The procedures for discussion, negotiation, mediation and arbitration set forth in Article VII of the Separation and Distribution Agreement shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with, this Agreement.

Section 7.12. Schedules. The Schedules referenced in this Agreement are attached hereto and incorporated herein and form a part of this Agreement. From time to time, the Parties may add Schedules to this Agreement, which Schedules, if added, will be incorporated herein and will form a part of this Agreement.

Section 7.13. Third Party Consents. Without limiting or otherwise modifying the provisions regarding Approvals or Notifications set forth in the Separation and Distribution Agreement, if the obligation of any Party under this Agreement depends upon the Approval or Notification of a Third Party, such as a vendor or insurer, and that Approval or Notification is withheld, the Parties will use commercially reasonable efforts to implement the affected provisions of this Agreement to the fullest extent practicable; provided that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between YUM and SpinCo, neither YUM nor SpinCo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications. If any provision of this Agreement cannot be implemented due to the failure of a Third Party to provide a required Approval or Notification, the Parties will negotiate in good faith to implement the provision in a mutually satisfactory manner, taking into account the original purpose of the affected provision.

Section 7.14. Further Assurances and Consents. Without limiting or otherwise modifying the provisions of Article VIII of the Separation and Distribution Agreement, in addition to the actions specifically provided for in this Agreement, each of the Parties will use commercially reasonable efforts to (a) execute and deliver such further instruments and documents and take such other actions as the other Party may reasonably request to effectuate the purposes of this Agreement and to carry out the terms hereof, and (b) take, or cause to be taken, all actions and do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Law and agreements or otherwise to consummate and make effective the transactions contemplated by this Agreement, including using commercially reasonable effort to obtain any required consents and approvals and to make any filings and applications necessary or desirable to consummate the transactions contemplated by this Agreement; provided, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between YUM and SpinCo, no Party will be obligated to contribute capital or pay any consideration in any form therefor.

Section 7.15. Effect if Distribution Does Not Occur. If the Distribution does not occur, then all actions and events that are to be taken under this Agreement, or otherwise in connection with the Distribution, will not be taken or occur, except to the extent specifically provided by YUM.

Section 7.16. Counterparts; Entire Agreement; Authority; Facsimile Signatures.

(a) *Counterparts.* This Agreement may be executed in one (1) or more counterparts, all of which shall be considered one (1) and the same agreement, and shall become effective when one (1) or more counterparts have been signed by each of the Parties and delivered to the other Party. The provisions of Section 10.1(d) of the Separation and Distribution Agreement shall, for the avoidance of doubt, apply to the execution of this Agreement.

(b) *Entire Agreement*. This Agreement, together with the Separation and Distribution Agreement and the other Ancillary Agreements, contain the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

(c) *Authority.* YUM represents on behalf of itself, and SpinCo represents on behalf of itself, as follows:

(i) it has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable against it in accordance with the terms hereof.

Section 7.17. Governing Law. This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 7.18. Binding Effect; Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, that neither Party may assign any of its rights or assign or delegate any of its obligations under this Agreement without the express prior written consent of the other Party.

Section 7.19. No Third Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties and do not and are not intended to confer upon any Person except the Parties any rights or remedies hereunder, and there are no Third Party beneficiaries of this Agreement and this Agreement shall not provide any Third Party with any remedy, claim, Liability, reimbursement or other right in excess of those existing without reference to this Agreement.

Section 7.20. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by an arbitrator or by a court of competent

jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid, void or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect, as closely as possible, the original intent of the Parties.

Section 7.21. No Set Off. Except as mutually agreed to in writing by the Parties, neither Party nor any other member of such Party's Group shall have any right of set-off or other similar rights with respect to (a) any amounts payable pursuant to this Agreement or (b) any other amounts claimed to be owed to the other Party or any other member of its Group arising out of this Agreement.

Section 7.22. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants and agreements contained in this Agreement, and Liability for the breach of any such obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

Section 7.23. Waivers of Default; Remedies Cumulative. Waiver by a Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

Section 7.24. Amendments. No provisions of this Agreement may be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 7.25. Specific Performance. Subject to the provisions of Article VII of the Separation and Distribution Agreement, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

Section 7.26. Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties, and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

Section 7.27. Predecessors or Successors. Any reference to YUM, SpinCo, a Person or a Subsidiary in this Agreement shall include any predecessors or successors (*e.g.*, by merger or other reorganization, liquidation or conversion) of YUM, SpinCo, such Person or such Subsidiary, respectively.

Section 7.28. Change in Law. Any reference to a provision of the Code or any other Tax Law shall include a reference to any applicable successor provision or Law.

Section 7.29. Limitations of Liability. Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, neither SpinCo or any other member of the SpinCo Group, on the one hand, nor YUM or any other member of the YUM Group, on the other hand, shall be liable under this Agreement to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other (other than any such damages awarded to a Third Party with respect to a Third-Party Claim).

Section 7.30. Performance. YUM shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the YUM Group. SpinCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the SpinCo Group.

Section 7.31. Incorporation. Sections 10.10 (Headings) and 10.15 (Interpretation) of the Separation and Distribution Agreement are hereby incorporated in this Agreement as if fully set forth herein.

[Signatures set forth on following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives.

YUM! BRANDS, INC.

By: /s/
Name:
Title:

YUM CHINA HOLDINGS, INC.

By: /s/
Name:
Title:

YUM CHINA HOLDINGS, INC. LONG TERM INCENTIVE PLAN

SECTION 1
General

1.1 **Purpose.** Yum China Holdings, Inc. Long Term Incentive Plan (the "Plan") has been established by Yum China Holdings, Inc. (the "Company") to (i) attract and retain persons eligible to participate in the Plan; (ii) motivate Participants, by means of appropriate incentives, to achieve long-range goals; (iii) provide incentive compensation opportunities that are competitive with those of other similar companies; (iv) align the interests of Participants with those of the Company's shareholders; and (v) to issue awards pursuant to and in accordance with the Employee Matters Agreement and Section 9 hereof.

1.2 **Participation**. Subject to the terms and conditions of the Plan, the Committee shall determine and designate, from time to time, from among the Eligible Individuals, those persons who will be granted one or more Awards under the Plan, and thereby become a "Participant" in the Plan. EMA Awards shall be made in accordance with Section 9 hereof and EMA Participants shall be treated as Participants in the Plan with respect to their EMA Awards and in accordance with the terms of the Plan.

1.3 **Operation, Administration, and Definitions.** The operation and administration of the Plan shall be vested in the Committee, as described in Section 7. Capitalized terms in the Plan shall be defined as set forth in the Plan (including the definition provisions of Section 10 hereof).

SECTION 2
Options and SARS

2.1 **Definitions.**

(a) The grant of an "Option" entitles the Participant to purchase shares of Stock at an Exercise Price and during a specified time established by the Committee. Any Option granted under this Section 2 may be either a non-qualified option (an "NQO") or an incentive stock option (an "ISO"), as determined in the discretion of the Committee. An "NQO" is an Option that is not intended to be an "incentive stock option" as that term is described in Code Section 422(b). An "ISO" is an Option that is intended to satisfy the requirements applicable to an "incentive stock option" described in Code Section 422(b). An Option will be deemed to be a NQO unless it is specifically designated by the Committee as an ISO and/or to the extent that it does not meet the requirements of an ISO.

(b) The grant of a stock appreciation right (an "SAR") entitles the Participant to receive, in cash or Stock (as determined in accordance with the terms of the Plan), value equal to (or otherwise based on) the excess of: (i) the Fair Market Value of a specified number of shares of Stock at the time of exercise; over (ii) an Exercise Price established by the Committee.

2.2 **Eligibility.** The Committee shall designate the Participants to whom Options or SARs are to be granted under this Section 2 and shall determine the number of shares of Stock subject to each such Option or SAR and the other terms and conditions thereof, not inconsistent with the Plan. Without limiting the generality of the foregoing, the Committee may not grant dividends or dividend equivalents (current or deferred) with respect to any Option or SAR granted under the Plan. ISOs may only be granted to employees of the Company or a Subsidiary.

2.3 **Limits on ISOs.** If the Committee grants ISOs, then to the extent that the aggregate fair market value of shares of Stock with respect to which ISOs are exercisable for the first time by any individual during any calendar year (under all plans of the Company and all Subsidiaries) exceeds $100,000, such Options shall be treated as NQOs to the extent required by Code Section 422. Any Option that is intended to constitute an ISO shall satisfy any other requirements of Code Section 422 and, to the extent such Option does not satisfy such requirements, the Option shall be treated as a NQO.

2.4 **Exercise Price.** The "Exercise Price" of each Option or SAR granted under this Section 2 shall be established by the Committee or shall be determined by a method established by the Committee at the time the Option or SAR is granted; provided, however, that the Exercise Price shall not be less than the Fair Market Value of a share of Stock on the date of grant (or, if greater, the par value of a share of Stock on such date). Notwithstanding the foregoing, Options and SARs granted under the Plan in replacement for awards under plans and arrangements of the Company or a Subsidiary that are assumed in business combinations may provide for Exercise Prices that are less than the Fair Market Value of the Stock at the time of the replacement grants, if the Committee determines that such Exercise Price is appropriate to preserve the economic benefit of the award.

2.5 **Exercise/Vesting.** Except as otherwise expressly provided in the Plan, an Option or SAR granted under the Plan shall be exercisable in accordance with the following:

(a) The terms and conditions relating to exercise and vesting of an Option or SAR shall be established by the Committee to the extent not inconsistent with the Plan and may include, without limitation, conditions relating to completion of a specified period of service, achievement of performance standards prior to exercise or the achievement of stock ownership guidelines by the Participant.

(b) No Option or SAR may be exercised by a Participant prior to the date on which it is exercisable (or vested) or after the ten year anniversary of the date on which the Option or SAR was granted (or such shorter period required by law or the rules of any stock exchange on which the Stock is listed).

2.6 **Payment of Option Exercise Price.** The payment of the Exercise Price of an Option granted under this Section 2 shall be subject to the following:

(a) Subject to the following provisions of this subsection 2.6, the full Exercise Price for shares of Stock purchased upon the exercise of any Option shall be paid at the time of such exercise (except that, in the case of an exercise arrangement

approved by the Committee and described in paragraph 2.6(c), payment may be made as soon as practicable after the exercise).

(b) The Exercise Price shall be payable in cash or by tendering (including by way of a net exercise), by either actual delivery of shares or by attestation, shares of Stock acceptable to the Committee, and valued at Fair Market Value as of the day of exercise, or in any combination thereof, as determined by the Committee; provided, however, that shares of Stock may not be used to pay any portion of the Exercise Price unless the holder thereof has good title, free and clear of all liens and encumbrances.

(c) The Committee may permit a Participant to elect to pay the Exercise Price upon the exercise of an Option by irrevocably authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise.

2.7 **Post-Exercise Limitations.** The Committee, in its discretion, may impose such restrictions on shares of Stock acquired pursuant to the exercise of an Option as it determines to be desirable, including, without limitation, restrictions relating to disposition of the shares and forfeiture restrictions based on service, performance, Stock ownership by the Participant, conformity with the Company's recoupment or clawback policies and such other factors as the Committee determines to be appropriate.

2.8 **Tandem Grants of Options and SARS.** An Option may but need not be in tandem with an SAR, and an SAR may but need not be in tandem with an Option (in either case, regardless of whether the original award was granted under this Plan or another plan or arrangement). If an Option is in tandem with an SAR, the Exercise Price of both the Option and SAR shall be the same, and the exercise of the corresponding tandem SAR or Option shall cancel the corresponding tandem SAR or Option with respect to such share. If an SAR is in tandem with an Option but is granted after the grant of the Option, or if an Option is in tandem with an SAR but is granted after the grant of the SAR, the later granted tandem Award shall have the same Exercise Price as the earlier granted Award, but in no event less than the Fair Market Value of a share of Stock at the time of such grant.

2.9 **No Repricing.** Except for either adjustments pursuant to subsection 4.2 (relating to the adjustment of shares), or reductions of the Exercise Price approved by the Company's shareholders, the Exercise Price for any outstanding Option or SAR may not be decreased after the date of grant nor may an outstanding Option or SAR granted under the Plan be surrendered to the Company as consideration for the grant of a replacement Option or SAR with a lower Exercise Price or a Full Value Award. Except as approved by the Company's shareholders, in no event shall any Option or SAR granted under the Plan be surrendered to the Company in consideration for a cash payment if, at the time of such surrender, the Exercise Price of the Option or SAR is greater than the then current Fair Market Value of a share of Stock.

SECTION 3
Full Value Awards and Cash Incentive Awards

3.1 **Definitions.**

(a) A "Full Value Award" is a grant of one or more shares of Stock or a right to receive one or more shares of Stock in the future (including restricted stock, restricted stock units, performance shares, and performance units) which is contingent on continuing service, the achievement of performance objectives during a specified period performance, or other restrictions as determined by the Committee. The grant of Full Value Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee, including provisions relating to dividend or dividend equivalent rights and deferred payment or settlement. Notwithstanding the foregoing, no dividends or dividend equivalent rights will be paid or settled on Full Value Awards that have not been earned or vested.

(b) A "Cash Incentive Award" is the grant of a right to receive a payment of cash (or in the discretion of the Committee, shares of Stock having value equivalent to the cash otherwise payable) that is contingent on achievement of performance objectives over a specified period established by the Committee. The grant of Cash Incentive Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee, including provisions relating to deferred payment.

3.2 **Restrictions on Full Value Awards.** Each Full Value Award shall be subject to the following:

(a) Any Full Value Award shall be subject to such conditions, restrictions and contingencies as the Committee shall determine.

(b) Except for Full Value Awards that are granted (i) in lieu of other compensation, (ii) as a form of payment of earned performance awards or other incentive compensation, (iii) to new hires, or (iv) as retention awards outside the United States, if the right to become vested in a Full Value Award granted to an employee is conditioned on the completion of a specified period of service with the Company and the Subsidiaries, without achievement of performance targets or other performance objectives (whether or not related to Performance Measures) being required as a condition of vesting, then the required period of service for full vesting of the Full Value Award shall be not less than three years (provided that the required period for full vesting shall, instead, not be less than two years in the case of annual incentive deferrals payable in restricted shares), subject to pro rated vesting over the applicable minimum service period and to acceleration of vesting, to the extent permitted by the Committee, in the event of the Participant's death, disability, retirement, change in control or involuntary termination). Awards to Directors are not subject to this paragraph 3.2(b).

3.3 **Performance-Based Compensation.** The Committee may designate a Full Value Award or Cash Incentive Award granted to any Participant as "Performance-Based Compensation" within the meaning of Code Section 162(m) and regulations thereunder. To the extent required by Code Section 162(m), any Full Value Award so designated shall be conditioned on the achievement of one or more performance targets determined by the Committee and the following additional requirements shall apply:

(a) The performance targets established for the performance period established by the Committee shall be objective (as that term is described in regulations under Code Section 162(m)) and shall be established in writing by the Committee not later than ninety (90) days after the beginning of the performance period (but in no event after 25% of the performance period has elapsed), and while the outcome as to the performance targets is substantially uncertain. The performance targets established by the Committee may be with respect to corporate performance, operating group or sub-group performance, unit or division performance, individual company performance, other group or individual performance, or any combination thereof, and shall be based on one or more of the Performance Measures.

(b) A Participant otherwise entitled to receive a Full Value Award or Cash Incentive Award for any performance period shall not receive a settlement or payment of the Award until the Committee has determined that the applicable performance target(s) have been attained. To the extent that the Committee exercises discretion in making the determination required by this paragraph 3.3(b), such exercise of discretion may not result in an increase in the amount of the payment.

(c) If a Participant's employment terminates because of death or disability, or if a change in control occurs prior to the Participant's termination date, the Participant's Full Value Award or Cash Incentive Award may, to the extent provided by the Committee, become vested without regard to whether the Full Value Award or Cash Incentive Award would be Performance-Based Compensation.

Nothing in this subsection 3.3 shall preclude the Committee from granting Full Value Awards or Cash Incentive Awards under the Plan or the Committee, the Company or any Subsidiary from granting Cash Incentive Awards outside the Plan that are not intended to constitute Performance-Based Compensation; provided, however, that, at the time of grant of Full Value Awards or Cash Incentive Awards by the Committee, the Committee shall designate whether such Awards are intended to constitute Performance-Based Compensation. To the extent that the provisions of this subsection 3.3 reflect the requirements applicable to Performance-Based Compensation, such provisions shall not apply to the portion of the Award, if any, that is not intended to constitute Performance-Based Compensation.

SECTION 4
Stock Reserved and Limitations

4.1 Shares Reserved and Other Amounts Subject to the Plan/Limitations. The shares of Stock for which Awards may be granted under the Plan shall be subject to the following:

(a) The shares of Stock with respect to which Awards may be made under the Plan shall be shares currently authorized but unissued or currently held or subsequently acquired by the Company as treasury shares (to the extent permitted by law), including shares purchased in the open market or in private transactions.

(b) Subject to the following provisions of this subsection 4.1 and the provisions of subsection 4.2, the maximum number of shares of Stock that may be delivered to Participants and their beneficiaries under the Plan shall be equal to 45,000,000. For purposes of applying the limitations of this paragraph 4.1(b), each share of Stock delivered pursuant to Section 3 (relating to Full Value Awards) shall be counted as covering two shares of Stock, and shall reduce the number of shares of Stock available for delivery under this paragraph 4.1(b) by two shares except, however, in the case of restricted shares or restricted units delivered pursuant to the settlement of EMA Awards, each share of Stock shall be counted as covering one share of Stock and shall reduce the number of shares of Stock available for delivery by one share.

(c) Substitute Awards shall not reduce the number of shares of Stock that may be issued under the Plan or that may be covered by Awards granted to any one Participant during any period pursuant to paragraph 4.1(h).

(d) Except as expressly provided by the terms of this Plan, the issue by the Company of stock of any class, or securities convertible into shares of stock of any class, for cash or property or for labor or services, either upon direct sale, upon the exercise of rights or warrants to subscribe therefor or upon conversion of stock or obligations of the Company convertible into such stock or other securities, shall not affect, and no adjustment by reason thereof, shall be made with respect to Awards then outstanding hereunder.

(e) To the extent provided by the Committee, any Award may be settled in cash rather than Stock. To the extent any shares of Stock covered by an Award are not delivered to a Participant or beneficiary because the Award is forfeited or canceled, or the shares of Stock are not delivered because the Award is settled in cash or used to satisfy the applicable tax withholding obligation, such shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan.

(f) If the Exercise Price of any stock option granted under the Plan is satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation, including net exercise), only the number of shares of Stock issued net of the shares of Stock tendered shall be deemed delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan.

(g) Subject to the terms and conditions of the Plan, the maximum number of shares of Stock that may be delivered to Participants and their beneficiaries with respect to ISOs under the Plan shall be 45,000,000; provided, however, that to the extent

that shares not delivered must be counted against this limit as a condition of satisfying the rules applicable to ISOs, such rules shall apply to the limit on ISOs granted under the Plan.

(h) Subject to subsection 4.2, the following additional maximums are imposed under the Plan:

(i) The maximum number of shares that may be covered by Awards granted to any one individual pursuant to Section 2 (relating to Options and SARs) shall be 9,000,000 shares during any five calendar-year period. If an Option is in tandem with an SAR, such

that the exercise of the Option or SAR with respect to a share of Stock cancels the tandem SAR or Option right, respectively, with respect to such share, the tandem Option and SAR rights with respect to each share of Stock shall be counted as covering one share of Stock for purposes of applying the limitations of this subparagraph (i).

(ii) For Full Value Awards that are intended to be Performance-Based Compensation, no more than 3,000,000 shares of Stock may be subject to such Awards granted to any one individual during any five-calendar-year period (regardless of when such shares are deliverable). Notwithstanding the foregoing, in the case of any Full Value Award that is a performance unit award that is intended to be Performance-Based Compensation, no more than $10,000,000 may be subject to any such Awards granted to any one individual during any one-calendar-year period (regardless of when such amounts are deliverable). For purposes of this subparagraph (ii), a "performance unit award" means a Full Value Award that is the grant of a right to receive a designated dollar value amount of Stock which is contingent on the achievement of performance or other objectives during a specified period.

(iii) For Cash Incentive Awards that are intended to be Performance-Based Compensation, the maximum amount payable to any Participant with respect to any twelve (12) month performance period shall equal $10,000,000 (pro rated for performance periods that are greater or lesser than twelve (12) months)

(iv) In the case of any Award to a Director, in no event shall the dollar value of the Award granted to any Director for any calendar year (determined as of the date of grant) exceed $1,500,000.

If an Award is denominated in Stock but an equivalent amount of cash is delivered in lieu of delivery of shares of Stock, the limits of this paragraph 4.1(h) shall be applied based on the methodology used by the Committee to convert the number of shares of Stock into cash. If the Awards are denominated in cash but an equivalent amount of stock is delivered in lieu of delivery of cash, the limits of this paragraph 4.1(h) shall be applied based on the methodology used by the Committee to convert the amount of cash into

shares of Stock. If delivery of Stock or cash is deferred until after the Stock or cash has been earned, any adjustment in the amount delivered to reflect actual or deemed investment experience after the date the Stock or cash is earned shall be disregarded.

4.2 **Adjustments to Shares of Stock and Stock Awards.** If any change in corporate capitalization, such as a stock split, reverse stock split, or stock dividend; or any corporate transaction such as a reorganization, reclassification, merger or consolidation or separation, including a spin-off, or sale or other disposition by the Company of all or a portion of its assets, any other change in the Company's corporate structure, or any distribution to shareholders (other than a cash dividend that is not an extraordinary cash dividend) results in the outstanding shares of Stock, or any securities exchanged therefor or received in their place, being exchanged for a different number or class of shares or other securities of the Company, or for shares of stock or other securities of any other corporation (or new, different or additional shares or other securities of the Company or of any other corporation being received by the holders of outstanding shares of Stock), or a material change in the market value of the outstanding shares of Stock as a result of the change, transaction or distribution, then equitable adjustments shall be made by the Committee, as it determines are necessary and appropriate, in:

(a) the number and type of Shares (or other property) with respect to which Awards may be granted;

(b) the number and type of Shares (or other property) subject to outstanding Awards;

(c) the grant or Exercise Price with respect to outstanding Awards;

(d) the limitations set forth in subsection 4.1 (including the limitations set forth in paragraph 4.1(h)); and

(e) the terms, conditions or restrictions of outstanding Awards and/or Award Agreements;

provided, however, that all such adjustments made in respect of each ISO shall be accomplished so that such Option shall continue to be an ISO. However, in no event shall this subsection 4.2 be construed to permit a modification (including a replacement) of an Option or SAR if such modification either: (i) would result in accelerated recognition of income or imposition of additional tax under Code Section 409A; or (ii) would cause the Option or SAR subject to the modification (or cause a replacement Option or SAR) to be subject to Code Section 409A, provided that the restriction of this subparagraph (ii) shall not apply to any Option or SAR that, at the time it is granted or otherwise, is designated as being deferred compensation subject to Code Section 409A.

SECTION 5
Change in Control

Subject to the provisions of subsection 4.2 (relating to the adjustment of shares), and except as otherwise provided in the Plan or the Award Agreement reflecting the applicable Award, if a Change in Control occurs prior to the date on which an Award is vested and prior to the Participant's separation from service and if the Participant's employment is involuntarily

terminated by the Company (other than for cause) on or within two years following the Change in Control, then:

(a) All outstanding Options (regardless of whether in tandem with SARs) shall become fully exercisable.

(b) All outstanding SARs (regardless of whether in tandem with Options) shall become fully exercisable.

(c) All Full Value Awards (including any Award payable in Stock which is granted in conjunction with a Company deferral program) shall become fully vested and the Committee shall determine the extent to which performance conditions are met in accordance with the terms of the Plan and the applicable Award Agreement.

Notwithstanding anything in this Plan or any Award agreement to the contrary, to the extent any provision of this Plan or an Award agreement would cause a payment of deferred compensation that is subject to Code Section 409A to be made upon the occurrence of a Change in Control, then such payment shall not be made unless such Change in Control also constitutes a "change in ownership", "change in effective control" or "change in ownership of a substantial portion of the Company's assets" within the meaning of Code Section 409A.

SECTION 6
Miscellaneous

6.1 **Effective Date; Duration.** This Plan shall be effective as of the Distribution Date provided that it is approved by the Board as of such date (which date shall be referred to herein as the "Effective Date"). The Plan shall be unlimited in duration and, in the event of Plan termination, shall remain in effect as long as any Awards under it are outstanding; provided, however, that no new Awards shall be made under the Plan on or after the tenth anniversary of the Effective Date.

6.2 **General Restrictions.** Distribution of shares of Stock or other amounts under the Plan shall be subject to the following:

(a) Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.

(b) In the case of a Participant who is subject to Section 16(a) and 16(b) of the Exchange Act, the Committee may, at any time, add such conditions and limitations to any Award to such Participant, or any feature of any such Award, as the Committee, in its sole discretion, deems necessary or desirable to comply with Section 16(a) or 16(b) and the rules and regulations thereunder or to obtain any exemption therefrom.

(c) To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.

6.3 **Tax Withholding.** All distributions under the Plan are subject to withholding of all applicable taxes, and the Committee may condition the delivery of any shares or other benefits under the Plan on satisfaction of the applicable withholding obligations. The Committee, in its discretion, and subject to such requirements as the Committee may impose prior to the occurrence of such withholding, may permit such withholding obligations to be satisfied through cash payment by the Participant, through the surrender of shares of Stock which the Participant already owns, or through the surrender of shares of Stock to which the Participant is otherwise entitled under the Plan; provided, however, previously-owned Stock that has been held by the Participant or Stock to which the Participant is entitled under the Plan may only be used to satisfy the minimum tax withholding required by applicable law (or other rates that will not have a negative accounting impact).

6.4 **Grant and Use of Awards**. Subject to subsection 4.1, in the discretion of the Committee, a Participant may be granted any Award permitted under the provisions of the Plan, and more than one Award may be granted to a Participant. Awards may be granted as alternatives to or replacement of awards granted or outstanding under the Plan, or any other plan or arrangement of the Company or a Subsidiary (including a plan or arrangement of a business or entity, all or a portion of which is acquired by the Company or a Subsidiary). Subject to the overall limitation on the number of shares of Stock that may be delivered under the Plan, the Committee may use available shares of Stock as the form of payment for compensation, grants or rights earned or due under any other compensation plans or arrangements of the Company or a Subsidiary, including the plans and arrangements of the Company or a Subsidiary assumed in business combinations.

6.5 **Settlement and Payments**. Awards may be settled through cash payments, the delivery of shares of Stock, the granting of replacement Awards, or combination thereof as the Committee shall determine. Any Award settlement, including payment deferrals, may be subject to such conditions, restrictions and contingencies as the Committee shall determine. The Committee may permit or require the deferral of any Award payment (other than Option or SAR other than to the extent permitted by Code Section 409A), subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest, or dividend equivalents, including converting such credits into deferred Stock equivalents. Each Subsidiary shall be liable for payment of cash due under the Plan with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Subsidiary by the Participant. Any disputes relating to liability of a Subsidiary for cash payments shall be resolved by the Committee.

6.6 **Transferability**. Awards under the Plan are not transferable except as designated by the Participant by shall or by the laws of descent and distribution or, if provided by the Committee, pursuant to a qualified domestic relations order (within the meaning of the Code and applicable rules thereunder). To the extent that Participant who receives an Award under the Plan has the right to exercise such Award, the Award may be exercised during the lifetime of the

Participant only by the Participant. Notwithstanding the foregoing provisions of this subsection 6.6, if provided by the Committee, Awards may be transferred to or for the benefit of the Participant's family (including, without limitation, to a trust or partnership for the benefit of a Participant's family), subject to such procedures as the Committee may establish. In no event shall an ISO be transferable to the extent that such transferability would violate the requirements applicable to such option under Code Section 422.

6.7 **Form and Time of Elections**. Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification, or revocation thereof, shall be in writing filed with the Committee at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee shall require.

6.8 **Agreement with Company**. An Award under the Plan shall be subject to such terms and conditions, not inconsistent with the Plan, as the Committee shall, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in such form of written

document as is determined by the Committee. A copy of such document shall be provided to the Participant, and the Committee may, but need not require that the Participant sign a copy of such document. Such document is referred to in the Plan as an "Award Agreement" regardless of whether any Participant signature is required.

6.9 **Notices.** Any notice or document required to be filed with the Committee under the Plan shall be properly filed if delivered or mailed by registered mail, postage prepaid, to the Committee, in care of the Company or the Subsidiary, as applicable, at its principal executive offices. The Committee may, by advance written notice to affected persons, revise such notice procedure from time to time. Any notice required under the Plan (other than a notice of election) may be waived by the person entitled to notice.

6.10 **Action by Company or Subsidiary**. Any action required or permitted to be taken by the Company or any Subsidiary shall be by resolution of its board of directors, or by action of one or more non-employee members of the board (including a committee of the board) who are duly authorized to act for the board, or (except to the extent prohibited by applicable law or applicable rules of any stock exchange) by a duly authorized officer of such company, or by any employee of the Company or a Subsidiary who is delegated by the board of directors authority to take such action.

6.11 **Gender and Number**. Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

6.12 **Limitation of Implied Rights.**

(a) Neither a Participant nor any other person shall, by reason of participation in the Plan, acquire any right in or title to any assets, funds or property of the Company or any of the Subsidiaries whatsoever, including, without limitation, any specific funds, assets, or other property which the Company or any of the Subsidiaries, in its sole discretion, may set aside in anticipation of a liability under the Plan. A

Participant shall have only a contractual right to the Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Company or any of the Subsidiaries, and nothing contained in the Plan shall constitute a guarantee that the assets of the Company or any of the Subsidiaries shall be sufficient to pay any benefits to any person.

(b) The Plan does not constitute a contract of employment or continued service, and selection as a Participant will not give any participating employee or other individual the right to be retained in the employ of the Company or a Subsidiary or the right to continue to provide services to the Company or a Subsidiary, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Except as otherwise provided in the Plan, no Award under the Plan shall confer upon the holder thereof any rights as a shareholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights and shares of Stock are registered in his name.

6.13 **Evidence.** Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

6.14 **Misconduct.** If the Committee determines that a present or former employee has (a) used for profit or disclosed to unauthorized persons, confidential or trade secrets of the Company or any Subsidiary; (b) breached any contract with or violated any fiduciary obligation to the Company or any Subsidiary; or (c) engaged in any conduct which the Committee determines is injurious to the Company or its Subsidiaries, the Committee may cause that employee to forfeit his or her outstanding awards under the Plan, provided, however, that during the pendency of a Potential Change in Control and as of and following the occurrence a Change in Control, no outstanding awards under the Plan shall be subject to forfeiture pursuant to this subsection 6.14.

6.15 **Restrictions on Shares and Awards.** The Committee, in its discretion, may impose such restrictions on shares of Stock acquired pursuant to the Plan, whether pursuant to the exercise of an Option or SAR, settlement of a Full Value Award or Cash Incentive Award or otherwise, as it determines to be desirable, including, without limitation, restrictions relating to disposition of the shares and forfeiture restrictions based on service, performance, Stock ownership by the Participant, conformity with the Company's recoupment, compensation recovery, or clawback policies and such other factors as the Committee determines to be appropriate. Without limiting the generality of the foregoing, unless otherwise specified by the Committee, any awards under the Plan and any shares of Stock issued pursuant to the Plan shall be subject to the Company's compensation recovery, clawback, and recoupment policies as in effect from time to time.

6.16 **Applicable Law.** The provisions of the Plan shall be construed in accordance with the laws of the State of Delaware**,** without giving effect to choice of law principles.

6.17 **Foreign Individuals.** Notwithstanding any other provision of the Plan to the contrary, the Committee may grant Awards to eligible persons who are foreign nationals on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to foster and promote achievement of the purposes of the Plan. In furtherance of such purposes, the Committee may make such modifications, amendments, procedures and subplans as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company or any of the Subsidiaries operates or has employees. The foregoing provisions of this subsection 6.17 shall not be applied to increase the share limitations of Section 4 or to otherwise change any provision of the Plan that would otherwise require the approval of the Company's shareholders.

6.18 **Liability for Cash Payments.** Subject to the provisions of this Section 6, each Subsidiary shall be liable for payment of cash due under the Plan with respect to any Participant to the extent that such payment is attributable to the services rendered for that Subsidiary by the Participant. Any disputes relating to liability of a Subsidiary for cash payments shall be resolved by the Committee.

SECTION 7
Committee

7.1 **Administration**. The authority to control and manage the operation and administration of the Plan shall be vested in a committee (the "Committee") in accordance with this Section 7. The Committee shall be selected by the Board, and shall consist solely of two or more non-employee members of the Board. If the Committee does not exist, or for any other reason determined by the Board, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee. As of the Effective Date, the Committee shall mean the Compensation Committee of the Board.

7.2 **Powers of Committee**. The Committee's administration of the Plan shall be subject to the following:

(a) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the Eligible Individuals those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance targets, restrictions, and other provisions of such Awards, and, subject to the restrictions imposed by Section 8 and the provisions of Section 9, to cancel or suspend Awards, reissue or repurchase Awards, and accelerate the exercisability or vesting of any Award. In making such Award determinations, the Committee may take into account the nature of services rendered by the respective employee, the individual's present and potential contribution to the Company's or a Subsidiary's success and such other factors as the Committee deems relevant.

(b) Subject to the provisions of the Plan, the Committee shall have the authority and discretion to determine the extent to which Awards under the Plan shall be

structured to conform to the requirements applicable to Performance-Based Compensation, and to take such action, establish such procedures, and impose such restrictions at the time such Awards are granted as the Committee determines to be necessary or appropriate to conform to such requirements.

(c) To the extent that the Committee determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States, the Committee will have the authority and discretion to modify those restrictions as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.

(d) The Committee will have the authority and discretion to conclusively interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreement made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.

(e) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.

(f) In controlling and managing the operation and administration of the Plan, the Committee shall take action in a manner that conforms to the articles and by-laws of the Company, and applicable state corporate law.

7.3 **Delegation by Committee**. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange on which the Stock is listed, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

7.4 **Information to be Furnished to Committee**. The Company and the Subsidiaries shall furnish the Committee with such data and information as it determines may be required for it to discharge its duties. The records of the Company and the Subsidiaries as to an individual's or Participant's employment (or other provision of services), termination of employment (or cessation of the provision of services), leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan.

7.5 **Limitation on Liability and Indemnification of Committee.** No member or authorized delegate of the Committee shall be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his own fraud or willful misconduct; nor shall the Company or any Subsidiary be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director or employee of the Company or Subsidiary. The Committee, the individual members thereof, and persons acting as the authorized delegates of the Committee under the Plan, shall be indemnified by the

Company against any and all liabilities, losses, costs and expenses (including legal fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Committee or its members or authorized delegates by reason of the performance of a Committee function if the Committee or its members or authorized delegates did not act dishonestly or in willful violation of the law or regulation under which such liability, loss, cost or expense arises. This indemnification shall not duplicate but may supplement any coverage available under any applicable insurance**.**

SECTION 8
Amendment and Termination

The Board may, at any time, amend or terminate the Plan (and the Committee may amend any Award Agreement); provided, however, that no amendment or termination of the Plan or amendment of any Award Agreement may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the Plan prior to the date such amendment is adopted by the Board or the Committee, as applicable; and provided further that, adjustments pursuant to subsection 4.2 shall not be subject to the foregoing limitations of this Section 8; and provided further that, amendments to the provisions of subsection 2.9 (relating to Option and SAR repricing), amendments expanding the group of Eligible Individuals, or amendments to or increases in the number of shares reserved under the Plan pursuant to paragraphs 4.1(b) (total shares reserved), 4.1(g) (relating to the limitations on ISOs), 4.1(h) (relating to individual limits) will not be effective

unless approved by the Company's shareholders; and provided further that, no other amendment shall be made to the Plan without the approval of the Company's shareholders if such approval is required by law or the rules of any stock exchange on which the Stock is listed. It is the intention of the Company that, to the extent that any provisions of this Plan or any Awards granted hereunder are subject to Code Section 409A, the Plan and the Awards comply with the requirements of Code Section 409A and that the Board shall have the authority to amend the Plan as it deems necessary or desirable to conform to Code Section 409A. Notwithstanding the foregoing, neither the Company nor the Subsidiaries guarantee that Awards under the Plan will comply with Code Section 409A and the Committee is under no obligation to make any changes to any Award to cause such compliance.

SECTION 9
EMA Awards

9.1 **EMA Awards.** As of the Distribution Date, the Committee shall grant EMA Awards to EMA Participants pursuant to, and in accordance with, the Employee Matters Agreement and this Section 9. EMA Awards shall be in the form of Options, SARs, and Full Value Awards. The provisions of this Section 9 shall apply without regard to any other provision of the Plan.

9.2 **EMA Awards Generally.** The number of shares of Stock subject to an EMA Award granted to an EMA Participant, and, to the extent applicable, the exercise price of the

EMA Award, shall be determined in accordance with the applicable provision of the Employee Matters Agreement and shall otherwise be subject to the same terms and conditions (including vesting, settlement and termination) as applied to the corresponding YUM Award to which the EMA Award relates and otherwise shall be subject to the terms and conditions of Article VI of the Employee Matters Agreement; provided, however, that any condition related to termination of a Participant's employment or service with YUM or its affiliates or related to a determination by the committee charged with administration of the YUM Equity Plan shall be based on an otherwise identical condition related to the termination of a Participant's employment or service with the Company and the Subsidiaries or a determination by the Committee under this Plan, respectively and as applicable. Without limiting the generality of the foregoing, any distribution of shares of Stock pursuant to the YUM EIDP (or any other deferred compensation plan maintained which provides for the distribution of shares of Stock) in accordance with the terms of the Employee Matters Agreement shall be treated as a Full Value Award under the Plan.

9.3 **Interpretation.** This Section 9 is intended to provide for compliance with the Company's obligations with respect to SpinCo Awards as set forth in the Employee Matters Agreement and shall, to the extent possible, be interpreted in a manner consistent with that intention. EMA Awards granted under the Plan shall only be subject to the restrictions of the Plan to the extent that such restrictions applied to the corresponding YUM Award immediately prior to the Distribution Date. In the event of any inconsistency between the Plan and/or an Award Agreement and the Employee Matters Agreement with respect to an EMA Award, the Employee Matters Agreement will govern.

SECTION 10
Defined Terms

In addition to the other definitions contained herein, the following definitions shall apply:

(a) **Award**. The term "Award" shall mean any award or benefit granted under the Plan, including, without limitation, the grant of Options, SARs, or Full Value Awards. An Award shall also include EMA Awards granted under the Plan.

(b) **Award Agreement.** The term "Award Agreement is defined in subsection 6.8.

(c) **Board**. The term "Board" shall mean the Board of Directors of the Company.

(d) **Change in Control**. Except as otherwise provided by the Committee, a "Change in Control" shall be deemed to have occurred if the event set forth in any one of the following subparagraphs shall have occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (I) of subparagraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving; individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company), whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary with any other corporation, other than (I) a merger or consolidation immediately following which those individuals who immediately prior to the consummation of such merger or consolidation, constituted the Board, constitute a majority of the board of directors of the Company or the surviving or resulting entity or any parent thereof, or (II) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions. For purposes of this definition, the following terms shall have the meaning specified:

(I) "Affiliate" shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

(II) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act, except that a Person shall not be deemed to be the Beneficial Owner of any securities which are properly filed on a Form 13-G.

(III) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates; (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries; (iii) an underwriter temporarily holding

securities pursuant to an offering of such securities; or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(e) **Code.** The term "Code" shall mean the Internal Revenue Code of 1986, as amended. A reference to any Code provision shall include reference to any successor provision of the Code.

(f) **Committee.** The term "Committee" is defined in subsection 7.1.

(g) **Director.** For purposes of the Plan, the term "Director" shall mean a member of the Board who is not an officer or employee of the Company or any Subsidiary.

(h) **Distribution Date.** The term "Distribution Date" has the meaning set forth in the Employee Matters Agreement.

(i) **Effective Date.** The term "Effective Date" is defined in subsection 6.1.

(j) **Eligible Individual**. For purposes of the Plan, the term "Eligible Individual" shall mean any officer, director or other employee of the Company or its Subsidiaries, consultants, independent contractors or agents of the Company or a Subsidiary, and persons who are expected to become officers, employees, directors, consultants, independent contractors or agents of the Company or a Subsidiary (but effective no earlier than the date on which such individual begins to provide services to the Company or a Subsidiary), including, in each case, Directors.

(k) **EMA Award.** The term "EMA Award" is an award described in Section 9 hereof.

(l) **EMA Participant.** The term "EMA Participant" means an individual who is entitled to a SpinCo Award pursuant to Article VI of the Employee Matters Agreement or who is otherwise entitled to receive a share of Stock pursuant to Article VI of the Employee Matters Agreement.

(m) **Employee Matters Agreement.** The term "Employee Matters Agreement" means the Employee Matters Agreement between YUM and the Company dated October 31, 2016.

(n) **Exchange Act.** The term "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(o) **Exercise Price.** The term "Exercise Price is defined in subsection 2.4.

(p) **Fair Market Value**. The "Fair Market Value" of a share of Stock means, as of any date, the value determined in accordance with the following rules:

(i) If the Stock is at the time listed or admitted to trading on any stock exchange, then the Fair Market Value shall be the closing price per share

of Stock on such date on the principal exchange on which the Stock is then listed or admitted to trading or, if no such sale is reported on that date, on the last preceding date on which a sale was so reported.

(ii) If the Stock is not at the time listed or admitted to trading on a stock exchange, the Fair Market Value shall be the closing average of the closing bid and asked price of a share of Stock on the date in question in the over-the-counter market, as such price is reported in a publication of general circulation selected by the Committee and regularly reporting the market price of Stock in such market.

(iii) If the Stock is not listed or admitted to trading on any stock exchange or traded in the over-the-counter market, the Fair Market Value shall be as determined by the Committee in good faith.

(q) **Participant.** The term "Participant" is defined in subsection 1.2.

(r) **Performance Measures.** In the case of any Award that is intended to constitute Performance-Based Compensation, the term "Performance Measures" shall mean any one or more of the following: cash flow; earnings; earnings per share; market value added or economic value added; profits; return on assets; return on equity; return on investment; revenues; stock price; total shareholder return; customer satisfaction metrics; or restaurant unit development. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or shares outstanding, investments or to assets or net assets.

(s) **Potential Change in Control.** A "Potential Change in Control" shall exist during any period in which the circumstances described in subparagraphs (i), (ii), (iii) or (iv), below, exist (provided, however, that a Potential Change in Control shall cease to exist not later than the occurrence of a Change in Control):

(i) the Company or any successor or assign thereof enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; provided that a Potential Change in Control described in this subparagraph (i) shall cease to exist upon the expiration or other termination of all such agreements.

(ii) Any Person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; provided that a Potential Change in Control described in this subparagraph (ii) shall cease to exist upon the withdrawal of such intention, or upon a reasonable determination by the Board that there is no reasonable chance that such actions would be consummated.

(iii) Any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or any of its Affiliates). However, a Potential Change in Control shall not be deemed to exist by reason of ownership of securities of the Company by any person, to the extent that such securities of the Company are acquired pursuant to a reorganization, recapitalization, spin-off or other similar transactions (including a series of prearranged related transactions) to the extent that immediately after such transaction or transactions, such securities are directly or indirectly owned in substantially the same proportions as the proportions of ownership of the Company's securities immediately prior to the transaction or transactions.

(iv) The Board adopts a resolution to the effect that, for purposes of this Plan, a potential change in control exists; provided that a Potential Change in Control described in this subparagraph (iv) shall cease to exist upon a reasonable determination by the Board that the reasons that give rise to the resolution providing for the existence of a Potential Change in Control have expired or no longer exist.

(t) **SpinCo Award.** The term "SpinCo Award" has the meaning specified in the Employee Matters Agreement.

(u) **Subsidiaries**. The term "Subsidiary" shall mean any corporation, partnership, joint venture or other entity during any period in which at least a fifty percent voting or profits interest is owned, directly or indirectly, by the Company (or by any entity that is a successor to the Company), and any other business venture designated by the Committee in which the Company (or any entity that is a successor to the Company) has a significant interest, as determined in the discretion of the Committee; provided, however, that except for options and SARs designated as intended to be subject to Code Section 409A, options and SARs shall not be granted to employees or directors of Subsidiaries unless the ownership of the Subsidiary satisfies Treas. Reg. § 1.409A-1(b)(5)(iii). For purposes of applying the Plan to an ISO, the term "Subsidiary" shall mean a subsidiary determined in accordance with Code Section 424(f).

(v) **Substitute Award.** The term "Substitute Award" means an Award granted or shares of Stock issued by the Company in assumption of, or in substitution or exchange for, an award previously granted, or the right or obligation to make a future award, in all cases by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines. In no event shall the issuance of Substitute Awards change the terms of such previously granted awards such that the change, if applied to a current Award, would be prohibited under the provisions of subsection 2.9.

(w) **Stock**. The term "Stock" shall mean shares of common stock of the Company.

(x) **YUM.** The term "YUM" means Yum! Brands, Inc.

(y) **YUM Award.** The term "YUM Award" has the meaning specified in the Employee Matters Agreement.

(z) **YUM EIDP.** The term "YUM EIDP" has the meaning specified in the Employee Matters Agreement.

(aa) **YUM Equity Plan.** The term "YUM Equity Plan" has the meaning specified in the Employee Matters Agreement.

Exhibit 10.8

YUM CHINA HOLDINGS, INC.

LEADERSHIP RETIREMENT PLAN

Effective as of October 31, 2016

Yum China Holdings, Inc. Leadership Retirement Plan
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Yum China Holdings, Inc. Leadership Retirement Plan
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ARTICLE I – FOREWORD

Yum China Holdings, Inc. (the "Company") has established the Yum China Holdings, Inc. Leadership Retirement Plan (the "Plan") effective as of the "Distribution Date", as that term is defined in the Separation and Distribution Agreement between YUM! Brands, Inc. and the Company.

The Plan has been created by a spinoff of certain liabilities for benefits from the YUM! Brands Leadership Retirement Plan, and special rules applicable to Participants who transferred from YUM! Brands, Inc. to Yum China Holdings, Inc. are set forth in Appendix Article A.

With respect to benefits covered by this document, this document sets forth the terms of the Plan, specifying the group of executives of the Company and certain affiliated employers who are eligible to participate and the Plan's general provisions for determining and distributing benefits. From time to time, additional and alternate provisions applicable to certain eligible executive's benefits may be set forth in the Appendix.

The Plan is unfunded and unsecured for purposes of the Code and ERISA. The benefits of an executive are an obligation of that executive's individual Employer. With respect to his employer, the executive has the rights of an unsecured general creditor.

ARTICLE II – DEFINITIONS

When used in this Plan, the following bold terms shall have the meanings set forth below unless a different meaning is plainly required by the context:

2.01 Allocation Date:

The date as of which an Employer Credit is credited to the Participant's LRP Account for a Plan Year. Except as otherwise provided in the Appendix for one or more specific Plan Participants –

(a) The last business day of each Plan Year shall be an Allocation Date, if the Executive is an active Participant on such day; and

(b) When a Participant no longer is an active Participant, the last business day of the calendar quarter containing his Termination Date shall also be an Allocation Date (if it is not already an Allocation Date as provided in subsection (a) above).

2.02 Authorized Leave of Absence:

A period of time when a Participant is considered to remain in the employment of his Employer (except as provided below) while not actively rendering services to his Employer as a result of one or more of the following –

(a) Any absence of 6 months or less (or 24 months or less, if the Participant retains a contractual right to return to work) that is authorized by an Employer under the Employer's standard personnel practices, whether paid or unpaid, as long as there is a reasonable expectation that the Participant will return to perform services for the Employer;

(b) A leave of absence pursuant to the Uniformed Services Employment and Reemployment Rights Act ("USERRA"); or

(c) A leave of absence pursuant to the Family Medical Leave Act ("FMLA") or any other similar family medical leave law of a particular state, if such law provides for a longer leave of absence than the FMLA.

2.03 Base Compensation:

An Eligible Executive's gross base salary, as determined by the Plan Administrator and to the extent paid in U.S. dollars from an Employer's U.S. payroll for a period that the Eligible Executive is an active Participant in the Plan. For any applicable period, an Eligible Executive's gross base salary shall be determined without regard to any reductions that may apply to the base salary, including applicable tax withholdings, Executive-authorized deductions (including deductions for any Company Code Section 401(k) plan and applicable health and welfare benefits), tax levies and garnishments.

2.04 Beneficiary:

The person or persons (including a trust or trusts) properly designated by a Participant, as determined by the Plan Administrator, to receive the Participant's Vested LRP Account in the event of the Participant's death. To be effective, any Beneficiary designation must be in writing, signed by the

Participant, and filed with the Plan Administrator prior to the Participant's death, and it must meet such other standards (including the requirement for spousal consent to the naming of a non-Spouse beneficiary by a married Participant) as the Plan Administrator shall require from time to time. An incomplete Beneficiary designation, as determined by the Plan Administrator, shall be void and of no effect. If some but not all of the persons designated by a Participant to receive his Vested LRP Account at death predecease the Participant, the Participant's surviving Beneficiaries shall be entitled to the portion of the Participant's Vested LRP Account intended for such pre-deceased persons in proportion to the surviving Beneficiaries' respective shares; provided that primary beneficiaries shall be paid before contingent beneficiaries. If no designation is in effect at the time of a Participant's death or if all designated Beneficiaries have predeceased the Participant, then the Participant's Beneficiary shall be (i) in the case of a Participant who is married at death, the Participant's Spouse, or (ii) in the case of a Participant who is not married at death, the Participant's estate. A Beneficiary designation of an individual by name (or name and relationship) remains in effect regardless of any change in the designated individual's relationship to the Participant. A Beneficiary designation solely by relationship (for example, a designation of "Spouse," that does not give the name of the Spouse) shall designate whoever is the person (if any) in that relationship to the Participant at his death. An individual who is otherwise a Beneficiary with respect to a Participant's Vested LRP Account ceases to be a Beneficiary when all applicable payments have been made from the LRP Account.

2.05 Bonus Compensation:

The gross amount of an Eligible Executive's target annual incentive or bonus award, which shall be equal to the Eligible Executive's current annualized Base Compensation multiplied by the Eligible Executive's current target bonus percentage, in effect as of the applicable Allocation Date, under his Employer's annual incentive or bonus plan; provided, however, if a Participant has incurred a mid-year Termination Date under Section 3.03(a), the Participant's target bonus percentage on the Participant's Termination Date shall be used for the Allocation Date specified by Section 2.01(b). Bonus Compensation shall be determined by the Plan Administrator and shall only be taken into account to the extent paid in U.S. dollars from an Employer's U.S. payroll. An Eligible Executive's Bonus Compensation shall be determined without regard to any reductions that may apply, including applicable tax withholdings, Executive-authorized deductions (including deductions for any Company Code Section 401(k) plan and applicable health and welfare benefits), tax levies, and garnishments.

2.06 Break in Service Payment Election:

The election to defer the distribution of a Participant's Pre-Break Subaccount, if applicable, pursuant to the provisions of Section 4.03.

2.07 Change in Control:

A "Change in Control" shall be deemed to occur if the event set forth in any one of the following paragraphs shall have occurred:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or an Affiliate) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of Subsection (c) below;

(b) The following individuals cease for any reason to constitute a majority of the number of directors then serving; individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including a consent solicitation, relating to the election of directors of the Company), whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(c) There is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary with any other corporation, other than (i) a merger or consolidation immediately following which those individuals who immediately prior to the consummation of such merger or consolidation, constituted the Board, constitute a majority of the board of directors of the Company or the surviving or resulting entity or any parent thereof, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or an Affiliate) representing 20% or more of the combined voting power of the Company's then outstanding securities.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

For purposes of the foregoing, the following capitalized and underlined words shall have the meanings ascribed to them below:

"Affiliate" shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

"Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act, except that a Person shall not be deemed to be the Beneficial Owner of any securities which are properly filed on a Form 13-G.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates; (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the

Company or any of its Subsidiaries; (iii) an underwriter temporarily holding securities pursuant to an offering of such securities; or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

"Subsidiary" means any corporation, partnership, joint venture or other entity during any period in which at least a fifty percent voting or profits interest is owned, directly or indirectly, by the Company (or by any entity that is a successor to the Company).

2.08 Code:

The Internal Revenue Code of 1986, as amended from time to time.

2.09 Company:

Yum China Holdings, Inc., or its successor or successors.

2.10 Disability:

A Participant shall be considered to suffer from a Disability, if, in the judgment of the Plan Administrator (determined in accordance with the provisions of Section 409A), the Participant –

(a) Is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or

(b) By reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, is receiving income replacement benefits for a period of not less than 3 months under an accident and health plan of the Company (including any Company or Employer sponsored short or long term disability plan).

A Participant who has received a Social Security disability award will be conclusively deemed to satisfy the requirements of Subsection (a). In turn, a Participant who has not received

a Social Security disability award will be conclusively deemed to not meet the requirements of Subsection (a).

The related term, "Disabled," shall mean to suffer from a Disability.

2.11 Disability Benefits:

The receipt by a Participant of short-term or long-term disability benefits from a Company or Employer sponsored short-term or long-term disability plan.

2.12 Disability Leave of Absence:

A continuous period of absence during which the Participant is receiving Disability Benefits. A Participant's Disability Leave of Absence shall end on the earlier of the date when the Participant is no longer receiving Disability Benefits or the date that the Participant is entitled to payment under Section 5.03 as a result of the Participant's Separation from Service (*i.e.*, when the Participant Separates from Service as a result of his Disability or age 55, if later). However, if the Participant executes a valid Disability Payment Election pursuant to Section 4.02, such Participant's Disability Leave of Absence shall be extended until the specific payment date listed in the Disability Payment Election (or such later Disability Payment Election), but not beyond the date that the Participant is no longer receiving Disability Benefits.

2.13 Disability Payment Election:

The voluntary election that can be made by a Disabled Participant under Section 4.02 to extend his Disability Leave of Absence and the payment of his LRP Benefits.

2.14 Earnings Credit:

The increment added to a Participant's LRP Account as a result of crediting the account with a return based on the Participant's Earnings Rate.

2.15 Earnings Rate:

(a) Earnings Rate as of the Distribution Date. As of the Distribution Date, the Earnings Rate shall be 5% per annum, compounded annually. In the event a Valuation Date occurs less than 12 months after the prior Valuation Date, this Earnings Rate shall be converted to a rate for the period since the last Valuation Date by reducing it to a rate that is appropriate for such shorter period. Such conversion shall be done in a way that would result in the specified 5% annual rate of return being earned for the number of such periods that equals one year. This same conversion shall be done with respect to the Earnings Rate for the short Plan Year that begins on the Distribution Date. The Earnings Rate is used to determine the Earnings Credit that is credited to the Participant's LRP Account from time to time pursuant to the provisions of Section 5.01(d).

(b) Adjustments to the Earnings Rate. As provided by Section 5.01(d), the Earnings Rate shall be evaluated and may be revised by the Company on an annual basis.

2.16 Employer:

(a) The Company, and each division of the Company and each of the Company's subsidiaries and affiliates (if any) and each Approved Foreign Subsidiary (as defined in subsection (b) below) that is currently designated as an adopting Employer of the Plan by the Company. Where there is a question as to whether a particular division, subsidiary, affiliate or Approved Foreign Subsidiary is an Employer under the Plan, the determination of the Plan Administrator shall be absolutely conclusive. An entity shall be an Employer hereunder only for the period that it is (i) so determined by the Plan Administrator, and (ii) a member of the Yum China Organization.

(b) As used in subsection (a) above and elsewhere in the Plan, an "Approved Foreign Subsidiary" means any corporation organized under the laws of any country other than the United States that is a member of the Yum China Organization, provided that a corporation described in this subsection shall be an Employer only with respect to a person who is an Executive pursuant to subsection (b) of the definition of "Executive" (and only while such person is described in subsection (b) of the definition of "Executive").

2.17 Employer Credit / Employer Credit Percentage:

The Employer Credit is an amount that is credited to a Participant's LRP Account as of each Allocation Date pursuant to the provisions of Section 5.01(b) and (c) or the Appendix. The "Employer Credit Percentage" is the percentage in Section 5.01(b) of Base Compensation or Bonus Compensation (or both), which is used to calculate a Participant's Employer Credit pursuant to Section 5.01(c).

2.18 ERISA:

Public Law 93-406, the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.19 Executive / Eligible Executive:

An "Executive" is any individual in an executive classification of an Employer who (i) is receiving remuneration for personal services that he or she is currently rendering in the employment of an Employer (or who is on an Authorized Leave of Absence), and (ii) is either a "U.S. Executive" or a "Foreign-Assigned Executive" as those terms are defined in subsections (a) and (b) below. Certain terms used in this Section are further defined in subsections (c) and (d) below.

(a) U.S. Executive. Subject to the next sentence, a "U.S. Executive" is any person who is on an Employer's United States payroll. Notwithstanding the preceding sentence, an executive who:

(1) transfers to an executive classification (which would otherwise cause him to be an Executive under this subsection) as a result of a transfer within the Yum China Organization from a worksite outside the United States to a worksite in the United States, and

(2) is a nonresident alien at the time of such transfer,

shall not become an Executive hereunder for any period that the employment at the United States worksite constitutes a Temporary Assignment (as defined in subsection (d) below). As used in this Section, "United States payroll" means a payroll administered within the United States.

(b) Foreign-Assigned Executive. A "Foreign-Assigned Executive" means any individual who:

(1) initially became a Participant while a U.S. Executive under subsection (a) above,

(2) is working outside of both the United States and his Home Country (as defined in subsection (c) below) in connection with a Temporary Assignment to a country that is specified in Appendix B for this purpose, and

(3) is no longer a U.S. Executive (because he is not on a United States payroll at such time).

Notwithstanding the foregoing, the Chief People Officer or Head of Total Rewards, in his sole discretion, may waive the requirement in paragraph (1) above and classify as a Foreign-Assigned Executive any individual who otherwise satisfies the requirements of paragraphs (2) and (3) above. The waiver described in the preceding sentence must be made in writing prior to the time benefits would otherwise be paid to the individual under the Plan.

(c) Home Country. An individual's "Home Country" means the country of his citizenship; provided that if an individual has acquired (or acquires) legal status as a permanent resident of another country, such other country shall be his Home Country for the period that he has such legal status. Notwithstanding the preceding sentence, an individual's "Home Country" shall be the country that is listed as his home country on the appropriate administrative records of the Company, if the Plan Administrator determines that such records are intended to override the designation of Home Country that would apply under the preceding sentence. An Executive's Home Country may change during the course of a work assignment, *e.g.*, if an individual's Home Country is initially based on his citizenship, and he then acquires legal status as a permanent resident of another country, any such change shall be taken into account in determining whether the individual may be an Executive under the Plan following the change.

(d) Temporary Assignment. A "Temporary Assignment" means a work assignment that the Employer reasonably expects to continue for a period that does not exceed five years. An assignment that is described in the preceding sentence at its inception may continue to be considered a Temporary Assignment for a period that extends beyond five years, if such assignment is extended by the Employer for bona fide business reasons, and the nature of the extension does not cause the Employer to consider it a permanent assignment. Every assignment to a worksite in the United

States (from outside the United States) shall be deemed to be a Temporary Assignment at its inception, except in those instances in which (i) the duration of the assignment, by the express terms of the assignment at such time, is more than five years, or (ii) the assignment is designated at such time by the Company's Chief People Officer or Head of Total Rewards, for bona fide business reasons, as being other than a Temporary Assignment. Notwithstanding the preceding provisions of this subsection (d), if, at any time subsequent to the inception of a Temporary Assignment, the assignment is changed to a designation other than a Temporary Assignment, the Chief People Officer or Head of Total Rewards, in his sole discretion, may treat the individual as having been in other than a Temporary Assignment for the duration of the entire assignment or portion thereof.

2.20 Key Employee:

A "Key Employee" is any individual who is:

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

(2) A five-percent (5%) owner of any member of the Yum China Organization; or

(3) A one-percent (1%) owner of any member of the Yum China Organization having annual compensation of more than $150,000.

For purposes of (1) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers.

For purposes of (1) and (3) above, "annual compensation" means compensation as defined in Treas. Reg. § 1.415(c)-2(a), without regard to Treas. Reg. §§ 1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g); provided, however, that annual compensation shall not include compensation excludible from an employee's gross income on account of the location of the services or the identity of the employer that is not effectively connected with the conduct of a trade or business in the United States, in accordance with Treas. Reg. § 1.415(c)-2(g)(5)(ii).

Whether an individual is a Key Employee shall be determined in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder or in connection therewith; provided, that Section 416(i)(5) of the Code shall not apply in making such determination, and provided further that the applicable year shall be determined in accordance with Section 409A of the Code and that any modification of the

foregoing Code Section 416(i) definition that applies under Section 409A of the Code shall be taken into account. The provisions of this definition shall be interpreted and applied in all respects to comply with Section 409A.

2.21 LRP Account:

The individual account maintained for a Participant on the books of his Employer that indicates the dollar amount that, as of any time, is credited under the Plan for the benefit of the Participant. The balance in such LRP Account shall be determined by the Plan Administrator. The Plan Administrator may establish one or more subaccounts as it deems necessary for the proper administration of the Plan, and may also combine one or more subaccounts to the extent it deems separate subaccounts are not then needed for sound recordkeeping. Where appropriate, a reference to a Participant's LRP Account shall include a reference to each applicable subaccount that has been established thereunder. "Pre-Break Subaccount" and "Post-Break Subaccount" shall have the meanings given to them in Section 3.04.

2.22 LRP Benefit:

The amount or amounts that are distributable to a Participant (or Beneficiary) in accordance with Section 5.03. A Participant's LRP Benefit shall be determined by the Plan Administrator based on the terms of the entire Plan.

2.23 One-Year Break in Service:

A 12 consecutive-month period beginning on a Participant's Separation from Service and ending on the first anniversary of such date. Subsequent One-Year Breaks in Service shall begin on the first and later anniversaries of such date and end on the next following anniversary. A Break in Service shall continue until the Participant is reemployed as an eligible Executive. No break in service shall begin until after a Participant is no longer an active Participant pursuant to Section 3.03(b).

2.24 Participant:

Any Executive who is qualified to participate in this Plan in accordance with Section 3.01 and for whom an Employer maintains on its books a LRP Account. An active Participant is one who is due an Employer Credit for the Plan Year (as provided in Section 3.03). A Break in Service Participant shall have the meaning assigned by Section 3.04.

2.25 Plan:

The YUM China Holdings, Inc. Leadership Retirement Plan, the plan set forth herein, as it may be amended and restated from time to time (subject to the limitations on amendment that are applicable hereunder).

2.26 Plan Administrator:

The Company or any other individual or committee appointed by the Company as the Plan Administrator who shall have the authority to administer the Plan as provided in Article V. Any individual or committee so designated has the authority to re-delegate operational responsibilities to other persons or

parties. References in this document to the Plan Administrator shall be understood as referring to individuals or the committee designated as the Plan Administrator and any others re-delegated with responsibilities, as appropriate under the circumstances.

2.27 Plan Year:

The 12-consecutive month period beginning on January 1 and ending on the following December 31 of each year, provided that the first plan year shall begin on the Distribution Date and end on December 31 of the same year.

2.28 Retirement:

A Participant's Separation from Service after attaining age 60.

2.29 Section 409A:

Section 409A of the Code and the applicable regulations and other guidance of general applicability that is issued thereunder.

2.30 Separation from Service:

A Participant's separation from service with the Yum China Organization, within the meaning of Section 409A(a)(2)(A)(i). The term may also be used as a verb (i.e., "Separates from Service") with no change in meaning. In addition, a Separation from Service shall not occur while the Participant is on an Authorized Leave of Absence or a Disability Leave of Absence. For purposes of a Disability Leave of Absence, however, a Separation from Service shall occur on the earlier of the date that the Participant has reached 29 continuous months of a Disability Leave of Absence or the date that the Participant formally resigns his employment with the Employer and the Yum China Organization.

2.31 Spouse:

An individual shall be recognized by the Plan Administrator as a Spouse or as being married to an Eligible Executive if the individual and the Eligible Executive are legally married (including same sex and opposite sex spouses) as of the applicable time. Marriage also includes a common law marriage, if the common law marriage (i) was formed in a location that permits the formation of common law marriage and (ii) was formed at a time when common law marriage was permitted. Only one individual may be recognized as a spouse as of any applicable time.

2.32 Termination Date:

The date that a Participant's active participation in this Plan terminates as defined in Section 3.03.

2.33 Valuation Date:

Each date as specified by the Plan Administrator from time to time as of which Participant LRP Accounts are valued in accordance with Plan procedures that are currently in effect. The Plan shall have a Valuation Date for all Plan Participants as of the last day of each Plan Year. In addition, if a Participant is entitled to a distribution under Article V, such Participant shall have a Valuation Date under the Plan that is the last day of the calendar quarter that contains the date as of which such Participant becomes entitled to a distribution under Article V. In accordance with procedures that may be adopted by the Plan Administrator, any current Valuation Date may be changed. Values under the Plan are determined as of the close of a Valuation Date. If a Valuation Date is not a business day, then the Valuation Date will be the immediately preceding business day.

2.34 Vesting Schedule:

The schedule under which a Participant's LRP Account becomes vested and nonforfeitable in accordance with Section 5.02.

2.35 Vested LRP Account:

The portion of a Participant's LRP Account that has become vested and nonforfeitable within the meaning of Section 5.02(a) or the Appendix.

2.36 United States:

Any of the 50 states, the District of Columbia, and the U.S. Virgin Islands.

2.36 Vice President for Global Talent Management:

The Company vice president or other Company officer who is responsible for global talent management for the Company.

2.37 Year of Participation:

The period during a Plan Year (or such other period as provided in the Appendix) – (a) during which an Eligible Executive is an active Participant, and (b) during which an Eligible Executive has not incurred a Termination Date (the "Participation Period"). An Eligible Executive is considered an active Participant only for the period from and after when his participation begins under Section 3.02 until when it terminates under Section 3.03. If the Participation Period encompasses the entire Plan Year (or such other period as provided in the Appendix), the Participant shall be credited with a complete Year of Participation for such Plan Year (or such other period as provided in the Appendix). If the Participation Period covers only

a portion of the Plan Year (or such other period as provided in the Appendix), then the Participant shall be credited with a fractional Year of Participation for such Plan Year (or such other period as provided in the Appendix). Such fractional Year of Participation shall be equal to the number of months during the Participation Period divided by twelve; provided, that if the Participation Period includes at least one day of a month, the Eligible Executive shall receive credit for the whole month.

2.38 Years of Service:

The number of 12-month periods of the most recent continuous employment with the Yum China Organization commencing on the Participant's most recent day of employment or re-employment with the Yum China Organization and ending on the Participant's Separation from Service (including those periods that may have occurred prior to becoming a Plan Participant). Years of Service shall include completed years and months. A partial month shall be counted as a whole month. If an individual is previously employed by the Yum China Organization, incurs a Separation from Service, is rehired by the Yum China Organization and becomes a Participant in this Plan, the individual's previous period or periods of employment are only credited towards the Participant's Years of Service to the extent provided in Section 3.01 and Section 3.04.

2.39 Yum China Organization:

The controlled group of organizations of which the Company is a part, as defined by Code section 414(b) and (c) and the regulations issued thereunder. An entity shall be considered a member of the Yum China Organization only during the period it is one of the group of organizations described in the preceding sentence.

ARTICLE III – PARTICIPATION

3.01 Eligibility to Participate.

(a) An Executive shall be eligible to participate in this Plan, if the Executive satisfies all of the following requirements:

(1) The Executive meets one of the following –

(i) The Executive is classified by his Employer as Level 12 or above as of the Distribution Date (and while he remains so classified);

(ii) The Executive is hired by an Employer as an Executive classified as Level 12 or above (and while he remains so classified); or

(iii) The Executive is promoted by an Employer from below Level 12 into a Level 12 or above position (and while he remains so classified);

(2) The Executive is not eligible to participate in any defined benefit pension plan sponsored by the Company or an Employer that is qualified under Code section 401; and

(3) The Executive has attained at least age 21.

(b) If an Executive was previously employed by the Yum China Organization, such Executive was not eligible to participate in this Plan (*e.g.*, the Executive was eligible to participate in a qualified defined benefit pension plan sponsored by the Company or an Employer) as a result of such previous employment and such Executive is later rehired by the Yum China Organization and becomes eligible to participate in this Plan on or after his rehire date, then such rehired Executive –

(1) Shall be credited at the start of his first Year of Participation with Years of Service that include his service relating to his prior period or periods of employment with the Yum China Organization; and

(2) Shall not receive an Employer Credit or any LRP Benefit with respect to any period prior to his rehire date.

During the period an individual satisfies the eligibility requirements of the above Subsections, whichever applies to the individual, he shall be referred to as an "Eligible Executive."

3.02 Inception of Participation.

An Eligible Executive shall become a Participant in this Plan as of the date – (a) the Eligible Executive first satisfies the eligibility requirements to be an Eligible Executive that are set forth in Section 3.01, and (b) specified by the Company in a written authorization that

expressly provides for the Eligible Executive to be an Active Participant in the Plan as of such date.

3.03 Termination of Participation.

(a) General. Except as modified below and except as provided in subsection (b), an individual's eligibility to participate actively in this Plan shall cease upon his "Termination Date," which is the earliest to occur of the following:

(1) The date the individual ceases to be an Eligible Executive; or

(2) The first day an individual begins a period of severance (*i.e.*, the period that follows a Separation from Service).

Notwithstanding the prior sentence, an individual shall continue to participate actively in this Plan during a period of an Authorized Leave of Absence, and an individual who is on an Authorized Leave of Absence shall have a "Termination Date" on the day the individual does not return to active work at the end of such Authorized Leave of Absence. The calculation of an individual's Employer Credit shall not take into account any compensation earned from and after his Termination Date. In addition, a Participant's Participation Period for purposes of determining Years of Participation shall end on the Participant's Termination Date. If an individual incurs a Termination Date but otherwise remains an employee of the Yum China Organization (e.g., does not incur a Separation from Service), such individual shall continue to accrue Years of Service while remaining in the employ of the Yum China Organization.

(b) Disability Leave of Absence. Notwithstanding subsection (a) above, an individual shall continue to participate actively in this Plan during a period of a Disability Leave of Absence. Accordingly, such individual shall have a "Termination Date" on the last day of his Disability Leave of Absence. If the Participant executes a valid Disability Payment Election pursuant to Section 4.02, such Participant's Disability Leave of Absence shall be extended until the specific payment date listed in the Disability Payment Election (or such later Disability Payment Election), but not beyond the date the Participant ceases receiving Disability Benefits. However, if the Participant's Disability Leave of Absence terminates due to the Participant's cessation of Disability Benefits and he returns to active work with an Employer, such Participant shall not have a Termination Date (and active participation shall continue) if the Participant returns to work as an eligible Executive pursuant to Section 3.01. A Participant's Participation Period for purposes of determining Years of Participation shall end on the Participant's Termination Date. Active participation in this Plan shall continue as provided above without regard to whether the Participant is generally considered to be a continuing Employee of the Employer.

(c) Effect of Distribution of Benefits. An individual, who has been a Participant under the Plan, ceases to be a Participant on the date his Vested LRP Account is fully distributed.

3.04 Break in Service.

(a) Less than a One-Year Break in Service. If a Participant incurs a break in service and returns in an eligible classification, but such break in service is less than a One-Year Break in Service, such Participant shall be deemed to not have incurred a Termination Date and his Participation Period, Years of Service, Employer Credit and Earnings Credit shall be recomputed as if such break in service never occurred.

(b) One-Year Break in Service – Vested Participants. A Participant who has satisfied the requirements for vesting under Section 5.02 at the time he incurs a One-Year Break in Service and who is again employed at any time thereafter in an eligible classification shall re-participate in this Plan as of the date he becomes an eligible Executive. Such individual's pre-break Years of Service shall be restored in determining his rights and benefits under the Plan. In addition, such individual shall begin a new Participation Period beginning with the date he once again becomes an active Participant pursuant to Section 3.02. However, such individual shall not be entitled to an Employer Credit for the period of the break.

(c) One-Year Break in Service – Non-Vested Participants. Any Participant not described in subsection (b) who incurs a One-Year Break in Service and who is again employed in an eligible classification shall re-participate in this Plan as of the date he becomes an eligible Executive. His pre-break Years of Service shall be restored, but only if the number of his consecutive One-Year Breaks in Service is less than the greater of: (i) 5, or (ii) the aggregate number of his pre-break Years of Service. In addition, such individual shall begin a new Participation Period beginning with the date he once again becomes an active Participant pursuant to Section 3.02. However, such individual shall not be entitled to an Employer Credit for the period of the break.

(d) Break in Service Subaccounts. If a Participant incurs a break in service under this Section and the Participant did not receive a distribution of his LRP Benefit during or as a result of the break in service (*e.g.*, the break in service occurs prior to the Participant's 55th birthday), the Employer Credits (and the Earnings Credits related thereto) that are credited after the break in service shall be credited to a separate subaccount of the Participant's LRP Account (the "Post-Break Subaccount"). The Post-Break Subaccount shall be separately distributed from the value of the Participant's pre-break LRP Account, which shall be referred to as the "Pre-Break Subaccount." An affected Participant shall be able to extend the payment date of the Participant's Pre-Break Subaccount by making a Break in Service Payment Election pursuant to Section 4.03. A Participant's Pre-Break Subaccount and Post-Break Subaccount shall constitute the Participant's entire LRP Account. A Participant who has a Pre-Break and Post-Break Subaccount shall be referred to as a "Break in Service Participant."

3.05 Agreements Not to Participate.

The eligibility provisions of this Article III have been and will continue to be construed in combination with any other documents that constitute part of the overall agreement between the Company or an Employer and an Executive regarding the Executive's participation in the Company's benefit plans. For example, an agreement between the Company and an Executive

that provides for the Executive to have retirement benefits provided by a specific plan or arrangement that is not this Plan will be construed, absent a clear expression of intent by the parties to the contrary, to preclude participation in this Plan, even if the Executive might otherwise be eligible to participate in the Plan. An agreement that is otherwise described in the preceding two sentences shall not bar an Executive's participation for the period before the earliest date such agreement may apply without violating the restrictions on elections under Section 409A.

ARTICLE IV – ELECTIONS

4.01 Beneficiaries.

A Participant shall be able to designate, on a form provided by the Plan Administrator for this purpose, a Beneficiary to receive payment, in the event of his death, of the Participant's Vested LRP Account. A Beneficiary shall be paid in accordance with the terms of the Beneficiary designation form, as interpreted by the Plan Administrator in accordance with the terms of this Plan. At any time, a Participant may change a Beneficiary designation by completing a new Beneficiary designation form that is signed by the Participant and provided to the Plan Administrator prior to the Participant's death, and that meets such other standards (including the requirement of Spousal consent for married Participants) as the Plan Administrator shall require from time to time.

4.02 Deferral of Payment While Receiving Disability Benefits.

(a) General. Subject to subsection (b) below, a Participant who is on a Disability Leave of Absence (and active participation continues under Section 3.03(b)) may make one or more elections to extend the time of payment of his LRP Benefit. This opportunity to extend the Participant's time of payment is referred to as a "Disability Payment Election."

(b) Requirements for Disability Payment Elections. A Disability Payment Election must comply with all of the following requirements:

(1) If a Participant's LRP Benefit will be paid at age 55 pursuant to Section 5.03(a) (*e.g.,*, because the Participant's Separation from Service occurred prior to age 55), the Participant must make his first Disability Payment Election no later than 12 months before the Participant's 55th birthday.

(2) If a Participant's LRP Benefit will be paid at Separation from Service pursuant to Section 5.03(a) (*e.g.*, because the Participant will be age 55 or older upon Separation from Service), the Participant must make his first Disability Payment Election at least 12 months before his Separation from Service.

(3) A Participant's first Disability Payment Election must specify a new specific payment date for his LRP Benefits that is at least 5 years after his 55th birthday or Separation from Service, whichever is applicable as provided in paragraphs (1) or (2).

(4) Subsequent Disability Payment Elections must be made at least 12 months before the specific payment date of the prior Disability Payment Election and must provide for a new specific payment date for his LRP Benefits that is at least 5 years after the prior specific payment date listed in the prior Disability Payment Election.

(5) All Disability Payment Elections must specify a specific payment date, and Separation from Service or any other event cannot be selected on a Disability Payment Election.

(6) All Disability Payment Elections must comply with all of the requirements of this Section 4.02.

(7) A Participant cannot change the form of payment of his LRP Benefit pursuant to a Disability Payment Election.

(8) A Participant may not make a Disability Payment Election if the election would provide for a specific payment date after the Participant's 80th birthday.

A Disability Payment Election will be void and payment will be made based on the provisions of the Plan other than this Section 4.02, if all of the provisions of the foregoing paragraphs of this subsection are not satisfied in full. A Participant's Disability Payment Election shall become effective 12 months after the date on which the election is made pursuant to Section 409A(a)(4)(C)(i). If a Participant's Disability Payment Election becomes effective in accordance with the provisions of this subsection, the Participant's prior payment date shall be superseded (including any specific payment date specified in a prior Disability Payment Election).

(c) Plan Administrator's Role. Each Participant has the sole responsibility to make a Disability Payment Election by contacting the Plan Administrator and to comply with the requirements of this Section. The Plan Administrator may provide a notice of a Disability Payment Election opportunity to some or all affected Participants, but the Plan Administrator is under no obligation to provide such notice (or to provide it to all affected Participants, in the event a notice is provided only to some Participants). The Plan Administrator has no discretion to waive or otherwise modify any requirement set forth in this Section or in Section 409A.

4.03 Break in Service Deferral of Payment.

(a) General. Subject to subsection (b) below, a Break in Service Participant may make one or more elections to extend the time of payment of his Pre-Break Subaccount. This opportunity to extend the Participant's time of payment for his Pre-Break Subaccount is referred to as a "Break in Service Payment Election."

(b) Requirements for Break in Service Payment Elections. A Break in Service Payment Election must comply with all of the following requirements:

(1) The Participant must make his first Break in Service Payment Election no later than 12 months before the Participant's 55th birthday, and the Break in Service Payment Election must provide for either (i) a specific payment date that is at least 5 years after the Participant's 55th birthday, or (ii) the later of a specific payment date that is at least 5 years after the Participant's 55th birthday or his Separation from Service.

(2) Subsequent Break in Service Payment Elections must be made at least 12 months before the specific payment date of the prior election and must provide for a new specific payment date that is at least 5 years after the specific payment date listed in the

prior election. If a Participant's prior election was the later of 5 years after his 55th birthday or Separation from Service, a subsequent Break in Service Payment Election must be made at least 12 months prior to the specific payment date selected on the prior election and at least 12 months prior to his Separation from Service. Such subsequent Break in Service Payment Election must also provide for a distribution on the later of a new specific payment date that is least 5 years after the specific payment date listed in the prior election or his Separation from Service.

(3) All Break in Service Payment Elections must specify a specific payment date.

(4) All Break in Service Payment Elections must comply with all of the requirements of this Section 4.03.

(5) A Participant cannot change the form of payment of his LRP Benefit pursuant to a Break in Service Payment Election.

(6) A Participant may not make a Break in Service Payment Election if the election would provide for a specific payment date after the Participant's 80th birthday.

(7) The Break in Service Payment Election shall only apply to distribution of the Break in Service Participant's Pre-Break Subaccount.

(8) A Break in Service Payment Election may not be made if Section 5.03(e) applies.

A Break in Service Payment Election will be void and payment will be made based on the provisions of the Plan other than this Section 4.03, if all of the provisions of the foregoing paragraphs of this subsection are not satisfied in full. A Participant's Break in Service Payment Election shall become effective 12 months after the date on which the election is made pursuant to Section 409A(a)(4)(C)(i). If a Participant's Break in Service Payment Election becomes effective in accordance with the provisions of this subsection, the Participant's prior payment date shall be superseded (including any specific payment date specified in a prior Break in Service Payment Election).

(c) Plan Administrator's Role. Each Participant has the sole responsibility to make a Break in Service Payment Election by contacting the Plan Administrator and to comply with the requirements of this Section. The Plan Administrator may provide a notice of a Break in Service Payment Election opportunity to some or all affected Participants, but the Plan Administrator is under no obligation to provide such notice (or to provide it to all affected Participants, in the event a notice is provided only to some Participants). The Plan Administrator has no discretion to waive or otherwise modify any requirement set forth in this Section or in Section 409A.

ARTICLE V – PARTICIPANT LRP BENEFITS

5.01 Credits to a Participant's LRP Account.

(a) General. The Plan Administrator shall credit to each Participant's LRP Account the Employer Credit (if any) and the Earnings Credit at the times and in the manner specified in this Section. A Participant's LRP Account is solely a bookkeeping device to track the value of his LRP Benefit (and the Employer's liability therefor). No assets shall be reserved or segregated in connection with any LRP Account, and no LRP Account shall be insured or otherwise secured.

(b) Employer Credit Percentage. A Participant's Employer Credit Percentage (if any) shall be equal to –

(1) 1.0% for a Participant of any level who is an active Participant for a period as of the Allocation Date, but who does not qualify for a greater Employer Credit Percentage under the remaining provisions of this Section 5.01 for such period, and

(2) the following applicable percentage for an active Participant whose age is 40 or greater as of the Allocation Date –

Participant Level as of Allocation Date	Employer Credit Percentage for Participants Age 40 or Greater
Level 12	4.5%
Level 13	5.0%
Level 14	5.5%
Level 15	6.5%
Level 16	7.5%
Leadership Team (LT)	8.0%

The Participant shall be assigned the corresponding Employer Credit Percentage for a Plan Year based upon his level (and age) as of the last Allocation Date in such Plan Year, regardless of whether the Participant was at that level (or age) for the entire Plan Year; provided, however, if a Participant has incurred a mid-year Termination Date under Section 3.03(a), the Participant's level and age on the Participant's Termination Date shall be used for the Allocation Date specified by Section 2.01(b).

(c) Employer Credit Amount.

(1) General Rules. Unless otherwise provided in the Appendix for one or more specified Participants, the Plan Administrator shall convert the Employer Credit Percentage into a dollar amount by multiplying the Employer Credit Percentage by the Participant's Base Compensation and Bonus Compensation (each as modified in paragraph (2) below) for the Plan Year, thereafter crediting the resulting product to the Participant's LRP Account. In each Plan Year, the Employer Credit shall be determined

by the Plan Administrator as soon as administratively practicable after the Participant's Allocation Date related to the Plan Year and shall be credited to the Participant's LRP Account effective as of such Allocation Date. The calculation of the Employer Credit by the Plan Administrator shall be conclusive and binding on all Participants (and their Beneficiaries). A Participant shall not receive an Employer Credit for any Allocation Dates that occur after the Allocation Date that immediately follows the Participant's Termination Date.

(2) Operating Rules. Unless otherwise provided in the Appendix, the following operating rules shall apply for purposes of determining a Participant's Employer Credit under this subsection (c):

(i) The Plan Administrator shall use the Participant's annualized Base Compensation in effect on the Allocation Date (without regard to whether the Participant's Base Compensation changed during the Plan Year) in determining the Participant's Base Compensation and Bonus Compensation. Notwithstanding the foregoing, if a Participant has incurred a mid-year Termination Date under Section 3.03(a), the Participant's annualized Base Compensation in effect on the Participant's Termination Date shall be used in determining the Participant's Base Compensation and Bonus Compensation for the Allocation Date specified by Section 2.01(b).

(ii) If a Participant has less than 1 full Year of Participation for the Plan Year (*e.g.*, as may apply in the Participant's first and last Plan Year of Participation), the Participant's Base Compensation and Bonus Compensation that shall be used shall be multiplied by the Participant's fractional Year of Participation for the Plan Year.

(iii) If the Participant is on an Authorized Leave of Absence or a Disability Leave of Absence when an Allocation Date occurs, and as of the Allocation Date the Participant is not treated by his Employer as having currently applicable information with respect to Base Compensation, Bonus Compensation or Participant level, then the item or items of information that is inapplicable shall be replaced with the corresponding information that was applicable to the Participant as of the day prior to the Participant commencing the Authorized Leave of Absence or Disability Leave of Absence.

(iv) For those Employer Credits that are at a level of 4.5% or higher with respect to an Allocation Date (referred to as a "Full Employer Credit"), once a Participant has been credited with Full Employer Credits for 20 years (*i.e.*, after 20 full Years of Participation) at the percentage levels specified in Section 5.01(b)(2), the Participant shall cease receiving Full Employer Credits and all subsequent Employer Credits made to the Participant's LRP Account shall be at the percentage level specified in Section 5.01(b)(1). For this purpose, a Participant's Years of Participation shall be the total number that is counted pursuant to the break in service rules in Article III, and fractional Years of

Participation shall be aggregated into full Years of Participation. Accordingly, if a Participant has an initial fractional Year of Participation and thereafter works continuously as an Eligible Executive for at least 20 years, the Participant would have an initial fractional Year of Participation, followed by 19 full Years of Participation, and ending with a fractional Year of Participation, which when added to the initial Year of Participation results in a full Year of Participation. Employer Credits that are made before or after a Participant is receiving Full Employer Credits (*i.e.*¸ Employer Credits made at the percentage level specified in Section 5.01(b)(1)) shall not be limited pursuant to this subparagraph.

(d) Earnings Credit.

(1) General Rules. As of each Valuation Date, the Plan Administrator shall determine a Participant's Earnings Credit for the period since the last Valuation Date by multiplying the Earnings Rate for the period since the last Valuation Date by the balance of the Participant's LRP Account as of the last Valuation Date. This Earnings Credit will be determined as soon as practicable after the applicable Valuation Date, and it shall be credited to the Participant's LRP Account effective as of such Valuation Date. If a Participant has less than 1 full Year of Participation for the Plan Year (*e.g.*, as may apply in the Participant's first and last Plan Year of participation), the Participant shall receive a pro-rated Earnings Credit for that Plan Year that shall be based upon the Participant's fractional Year of Participation for the Plan Year that was earned prior to the Valuation Date on which the pro-rated Earnings Credit will be made. Notwithstanding the preceding sentence, when distributions are delayed, to a Plan Year beyond the last Plan Year of participation, pending attainment of age 55 or the occurrence of a specific payment date elected under Section 4.02 or 4.03, the Plan Administrator may adopt procedures that provide an Earnings Credit through the Valuation Date that occurs on or after attainment of age 55 or the occurrence of the specific payment date, as applicable. These procedures shall provide for proration of the Earnings Credit for any period that an Earnings Credit is determined that is less than a full year.

(2) Revisions to Earnings Rate. As of the end of each Plan Year, the Company shall analyze the current Earnings Rate to determine if the rate provides a market rate of interest. If the Earnings Rate is considered to provide a market rate of interest, then the Earnings Rate will remain the same for the following Plan Year. If the Company concludes, in its discretion, that the Earnings Rate does not provide for a market rate of interest, then the Company currently intends to establish a new Earnings Rate to provide a market rate of interest, and the Company currently intends that such new Earnings Rate will apply for the following Plan Year. The determination of a market rate of interest shall be entirely within the discretion of the Company and shall be based on such factors as the Company determines to consider (*e.g.*, the current 30-year Treasury Bond yield, the current yield on a certificate of deposit equal to the remaining time period for the average Participant to reach Retirement and the LRP Account balance for the average Participant, and such other factors as the Company shall determine in its sole discretion). The Company's determination regarding a market rate of interest is final and non-reviewable, and the Company reserves the right to revise its intent in this regard.

If the Earnings Rate is revised for a Plan Year, the Company shall authorize attaching an Exhibit to this Plan document indicating the revised Earnings Rate and the Plan Year to which it applies.

5.02 Vesting Schedule.

(a) General. Upon a Separation from Service, a Participant shall only be entitled to a distribution (at the time provided in Section 5.03) of the portion (if any) of his LRP Account that has become vested and nonforfeitable at such time pursuant to the Vesting Schedule (as determined under this Section) that applies to the Participant. The portion (if any) of the Participant's LRP Account that has not become vested by the Participant's Separation from Service shall be forfeited and shall not be distributed to the Participant hereunder. The portion of the Participant's LRP Account (from time to time) that has become vested and nonforfeitable pursuant to the Participant's Vesting Schedule and this Section 5.02 shall be referred to as the Participant's "Vested LRP Account."

(b) Vesting Schedule. Unless Subsection (c) applies or unless otherwise provided in the Appendix for one or more specific Participants, a Participant's LRP Account shall become 100% vested in his LRP Account upon attaining three (3) Years of Service.

(c) Acceleration of Vesting. Notwithstanding Subsection (b) above, a Participant's LRP Account shall become 100% vested and nonforfeitable upon the earliest of the following to occur:

(1) The Participant's Retirement;

(2) The Participant becoming Disabled;

(3) The Participant's death; or

(4) The occurrence of a Change in Control.

5.03 Distribution of a Participant's Vested LRP Account.

The Participant's Vested LRP Account shall be distributed as provided in this Section. All distributions shall be paid in cash. In no event shall any portion of a Participant's Vested LRP Account be distributed earlier or later than is allowed under Section 409A.

(a) Distribution upon Separation from Service. Unless the provisions of subsection (b), (c), (d) or (e) apply, a Participant's Vested LRP Account shall be distributed upon a Participant's Separation from Service (other than for death) as follows:

(1) If a Participant is age 55 or older on the Participant's Separation from Service, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the calendar quarter's last day that occurs on or immediately follows the Participant's Separation from Service.

(2) If a Participant is less than age 55 on the Participant's Separation from Service, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the calendar quarter's last day that occurs on or immediately follows the Participant's 55th birthday.

(3) If the Participant is classified as a Key Employee at the time of the Participant's Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then such Participant's Vested LRP Account shall not be paid, as a result of the Participant's Separation from Service, earlier than the date that is at least 6 months after the Participant's Separation from Service. This shall be implemented as follows –

(i) If the Participant is less than age 55 on the Participant's Separation from Service and the Participant is classified as a Key Employee, the distribution shall occur as provided in paragraph (2) above, or if later, the calendar quarter's last day that occurs on or immediately follows the date that is 6 months after the Participant's Separation from Service; and

(ii) If the Participant is age 55 or older on the Participant's Separation from Service and the Participant is classified as a Key Employee, the distribution shall occur as of the calendar quarter's last day that occurs on or immediately follows the date that is 6 months after the Participant's Separation from Service.

The classification of a Participant as a Key Employee shall be based on the default rules that are applicable under Section 409A for determining specified employees, unless the Company has adopted other rules that are permissible under Section 409A and that have become effective as of the applicable time.

If the Participant's Vested LRP Account balance is zero on his Separation from Service, the Participant shall be deemed to have received a distribution on his Separation from Service equal to zero dollars and the unvested portion of his LRP Benefit shall be forfeited subject to Section 3.04.

(b) Distributions Upon Death. Notwithstanding subsection (a), (c) or (d), if a Participant dies, the Participant's Vested LRP Account shall be distributed in accordance with the following terms and conditions:

(1) Upon a Participant's death, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the calendar quarter's last day that occurs on or immediately follows the Participant's death. Amounts paid following a Participant's death shall be paid to the Participant's Beneficiary.

(2) Any claim to be paid any amounts standing to the credit of a Participant in connection with the Participant's death must be received by the Plan Administrator at least 14 days before any such amount is distributed. Any claim received thereafter is

untimely, and it shall be unenforceable against the Plan, the Company, the Plan Administrator or any other party acting for one or more of them.

(c) Disability Payment Elections. If a Participant has made a valid Disability Payment Election, his Vested LRP Account shall be distributed in a single lump sum payment on the calendar quarter's last day that occurs on or immediately follows the specific payment date selected on the Disability Payment Election.

(d) Break in Service. Subject to subsection (e), a Break in Service Participant's Vested LRP Account shall be distributed as follows:

(1) Pre-Break Subaccount. A Break in Service Participant's Pre-Break Subaccount shall be distributed in a single lump sum payment as of the calendar quarter's last day that occurs on or immediately follows the Participant's 55th birthday. However, if a Break in Service Participant has made a valid Break in Service Payment Election, his Pre-Break Subaccount shall be distributed in a single lump sum payment on the calendar quarter's last day that occurs on or immediately follows the specific payment date (or if applicable, a later Separation from Service) as selected on the Break in Service Payment Election.

(2) Post-Break Subaccount. The distribution of a Break in Service Participant's Post-Break Subaccount shall be governed by the provisions of subsection (a).

(e) Involuntary Cashout. Notwithstanding subsection (a) or (d), if a Participant incurs a Separation from Service (other than for death or Disability) and the Participant's Vested LRP Benefit (together with any other deferred compensation benefits that are required to be aggregated with the LRP Benefit under Section 409A) is equal to or less than $15,000 at any time on or after such Separation from Service, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the calendar quarter's last day on or immediately following the Participant's Separation from Service (or on or immediately following such later date that this subsection is determined to apply). However, if the Participant is classified as a Key Employee in accordance with subsection (a) above at the time of the Participant's Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then such Participant's Vested LRP Account shall be paid as of the calendar quarter's last day on or immediately following the date that is 6 months after the Participant's Separation from Service.

(f) Actual Payment Date. An amount payable on a date specified in this Section shall be paid no later than the later of (a) the end of the calendar year in which the specified date occurs, or (b) the 15th day of the third calendar month following such specified date. In addition, the Participant (or Beneficiary) is not permitted to designate the taxable year of the payment.

5.04 Valuation.

In determining the amount of any individual distribution pursuant to Section 5.03, the Participant's LRP Account shall continue to be credited with earnings (whether positive or

negative) as specified in Section 5.01(d) until the Valuation Date that is used in determining the amount of the distribution under Section 5.03. The Valuation Date to be used in valuing a distribution under Section 5.03 shall be the Valuation Date that occurs on the last business day of the calendar quarter (the last day of which is the payment date).

5.05 FICA Taxes and LRP Account Reduction.

(a) Calculation of FICA Taxes. For each Plan Year in which a Participant's Account (or portion of the Account) vests pursuant to Section 5.02 or the Appendix, the Company shall calculate the applicable FICA taxes that are due and shall pay such FICA taxes to the applicable tax authorities as provided by Treasury Regulation Section 31.3121(v)(2)-1. The amount of the applicable FICA taxes that are the responsibility of the Participant pursuant to Code Section 3101 shall be paid from the Participant's LRP Account as provided in Subsection (b).

(b) Reduction in LRP Account Balance. Effective as of each Allocation Date in a Plan Year for which FICA taxes are paid for a Participant pursuant to Subsection (a), the Company shall withhold such FICA taxes from the Participant's LRP Account and reduce the Participant's LRP Account balance by the following amount –

(1) The amount of the applicable FICA taxes calculated by the Company that are the responsibility of the Participant pursuant to Code Section 3101 (the "FICA Amount"), plus

(2) The amount of Federal, state and local income taxes that are due on the distribution of the FICA Amount from the Participant's LRP Account, which net of its own Federal, state and local income taxes, is sufficient to enable the Company to pay the full FICA Amount from the Participant's LRP Account to the applicable tax authorities.

The amount calculated pursuant to this Subsection shall be final and binding on the Participant and shall reduce the Participant's LRP Account effective as of each applicable Allocation Date for which a FICA Amount is paid.

ARTICLE VI – PLAN ADMINISTRATION

6.01 Plan Administrator.

The Plan Administrator is responsible for the administration of the Plan. The Plan Administrator has the authority to name one or more delegates to carry out certain responsibilities hereunder, as specified in the definition of Plan Administrator. Action by the Plan Administrator may be taken in accordance with procedures that the Plan Administrator adopts from time to time or that the Company's Law Department determines are legally permissible.

6.02 Powers of the Plan Administrator.

The Plan Administrator shall administer and manage the Plan and shall have (and shall be permitted to delegate) all powers necessary to accomplish that purpose, including the power:

(a) To exercise its discretionary authority to construe, interpret, and administer this Plan;

(b) To exercise its discretionary authority to make all decisions regarding eligibility, participation and benefits, to make allocations and determinations required by this Plan, and to maintain records regarding Participants' LRP Accounts;

(c) To compute and certify to the Employer the amount and kinds of payments to Participants or their Beneficiaries, and to determine the time and manner in which such payments are to be paid;

(d) To authorize all disbursements by the Employer pursuant to this Plan;

(e) To maintain (or cause to be maintained) all the necessary records for administration of this Plan;

(f) To make and publish such rules for the regulation of this Plan as are not inconsistent with the terms hereof;

(g) To delegate to other individuals or entities from time to time the performance of any of its duties or responsibilities hereunder;

(h) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan; and

(i) To perform any other acts or make any other decisions with respect to the Plan as it deems are appropriate or necessary.

The Plan Administrator has the exclusive and discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits, to determine the amount and manner of payment of such benefits and to make any determinations that are contemplated by (or permissible under) the terms of this Plan, and its decisions on such matters shall be final and conclusive on all parties. Any such decision or determination shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (1) such discretion is not expressly granted by the Plan provisions in question, or (2) a determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or call for a determination. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the applicant is entitled to them. In the event of a review by a court, arbitrator or any other tribunal, any exercise of the Plan Administrator's discretionary authority shall not be disturbed unless it is clearly shown to be arbitrary and capricious.

6.03 Compensation, Indemnity and Liability.

The Plan Administrator shall serve without bond and without compensation for services hereunder. All expenses of the Plan and the Plan Administrator shall be paid by the Employer. To the extent deemed appropriate by the Plan Administrator, any such expense may be charged against specific Participant LRP Accounts, thereby reducing the obligation of the Employer. No member of the Plan Administrator, and no individual acting as the delegate of the Plan Administrator, shall be liable for any act or omission of any other member or individual, nor for any act or omission on his own part, excepting his own willful misconduct. The Employer shall indemnify and hold harmless each member of the Plan Administrator and any employee of the Company (or a Company affiliate, if recognized as an affiliate for this purpose by the Plan Administrator) acting as the delegate of the Plan Administrator against any and all expenses and liabilities, including reasonable legal fees and expenses, arising out of his service as the Plan Administrator (or his serving as the delegate of the Plan Administrator), excepting only expenses and liabilities arising out of his own willful misconduct.

6.04 Taxes.

If the whole or any part of any Participant' s LRP Account becomes liable for the payment of any estate, inheritance, income, employment, or other tax which the Company may be required to pay or withhold, the Company will have the full power and authority to withhold and pay such tax out of any moneys or other property in its hand for the account of the Participant. If such withholding is made from a Participant's Plan distribution (or the Participant's LRP Account), the amount of such withholding will reduce the amount of the Plan distribution (or the Participant's LRP Account). To the extent practicable, the Company will provide the Participant notice of such withholding. Prior to making any payment, the Company may require such releases or other documents from any lawful taxing authority as it shall deem necessary. In addition, to the extent required by Section 409A amounts deferred under this Plan shall be reported on the Participants' Forms W-2. Also, any amounts that become taxable hereunder shall be reported as taxable wages on a Participant's Form W-2.

6.05 Records and Reports.

The Plan Administrator shall exercise such authority and responsibility as it deems appropriate in order to comply with ERISA and government regulations issued thereunder relating to records of Participants' service and benefits, notifications to Participants; reports to, or registration with, the Internal Revenue Service; reports to the Department of Labor; and such other documents and reports as may be required by ERISA.

6.06 Rules and Procedures.

The Plan Administrator may adopt such rules and procedures as it deems necessary, desirable, or appropriate. To the extent practicable and as of any time, all rules and procedures of the Plan Administrator shall be uniformly and consistently applied to Participants in the same circumstances. When making a determination or calculation, the Plan Administrator shall be entitled to rely upon information furnished by a Participant or Beneficiary and the legal counsel of the Plan Administrator or the Company.

6.07 Applications and Forms.

The Plan Administrator may require a Participant or Beneficiary to complete and file with the Plan Administrator an application for a distribution and any other forms (or other methods for receiving information) approved by the Plan Administrator, and to furnish all pertinent information requested by the Plan Administrator. The Plan Administrator may rely upon all such information so furnished it, including the Participant's or Beneficiary's current mailing address, age and marital status.

6.08 Conformance with Section 409A.

At all times during each Plan Year, this Plan shall be operated in accordance with the requirements of Section 409A. In all cases, the provisions of this Section shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section.

6.09 Section 457A.

To avoid the application of Code section 457A ("Section 457A") to a Participant's LRP Account or the Participant's LRP Benefit, the following shall apply to a Participant who is or is expected to become, during the current year, subject to income taxation under the Code (a "US-Taxed Participant"), and who transfers to a work location outside of the United States to provide services to a member of the Yum China Organization that is neither a United States corporation nor a pass-through entity that is wholly owned by a United States corporation ("Covered Transfer"):

(a) The US-Taxed Participant shall automatically vest in his or her LRP Account as of the end of the last business day before the Covered Transfer;

(b) From and after the Covered Transfer, any Earnings Credits, special allocations, or other similar increases or enhancements to the US-Taxed Participant's LRP Account or LRP Benefit relating to –

(1) A whole or partial Year of Participation,

(2) Base or Bonus Compensation,

(3) The attainment of a specified age or level ("age/level attainment"),

(collectively, a "Benefit Enhancement") will not be credited to the US-Taxed Participant until the end of the last day of the Plan Year in or for which the US-Taxed Participant has the whole or partial Year of Participation, the Base or Bonus Compensation or the age/level attainment that results in such Benefit Enhancement, and then only if and to the extent permissible under subsection (c) below at that time; and

(c) The US-Taxed Participant shall have no legal right to (and the US-Taxed Participant shall not receive) any Benefit Enhancement, which relates to a whole or partial Year of Participation, Base or Bonus Compensation or the age/level attainment, from and after the Covered Transfer to the extent such Benefit Enhancement would constitute compensation that is includable in income under Section 457A.

Notwithstanding the foregoing, one or more of the foregoing subsections shall not apply to a US-Taxed Participant who has a Covered Transfer if, prior to the Covered Transfer (or prior to the start of a calendar year beginning after the Covered Transfer, with respect to such calendar year), the Company provides a written communication (either to the Participant individually, to a group of similar Participants, to Participants generally, or framed in any other way that is intended to cause the communication to apply to the Participant – *i.e.*, an "applicable communication") that one or more of these subsections do not apply to the Covered Transfer in question. Subsection (b) shall cease to apply as of the earlier of – (i) the date the Participant returns to service for a member of the Yum China Organization that is a United States corporation or a pass-through entity that is wholly owned by a United States corporation, or (ii) the effective date for such cessation that is stated in an applicable communication. In addition, the Company's Vice President with responsibility for this Plan may (in his or her discretion) waive the application of one or more of these subsections retroactively with respect to some or all of the period that begins with the Covered Transfer, by providing the US-Taxed Participant with a written notification that clearly and expressly provides for such waiver.

ARTICLE VII – CLAIMS PROCEDURES

7.01 Claims for Benefits.

If a Participant, Beneficiary or other person (hereafter, "Claimant") does not receive timely payment of any benefits which he believes are due and payable under the Plan, he may make a claim for benefits to the Plan Administrator. The claim for benefits must be in writing and addressed to the Plan Administrator. If the claim for benefits is denied, the Plan Administrator shall notify the Claimant in writing within 90 days after the Plan Administrator initially received the benefit claim. However, if special circumstances require an extension of time for processing the claim, the Plan Administrator shall furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period and such extension may not exceed one additional, consecutive 90-day period. Any notice of extension shall indicate the reasons for the extension and the date by which the Plan Administrator expects to make a determination. Any notice of a denial of benefits shall be in writing and drafted in a manner calculated to be understood by the Claimant and shall advise the Claimant of the basis for the denial, any additional material or information necessary for the Claimant to perfect his claim, and the steps which the Claimant must take to have his claim for benefits reviewed on appeal.

7.02 Appeals.

Each Claimant whose claim for benefits has been denied may file a written request for a review of his claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he received the written notice denying his claim. Upon review, the Plan Administrator shall provide the Claimant a full and fair review of the claim, including the opportunity to submit written comments, documents, records and other information

relevant to the claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether they were submitted or considered at the initial determination. The decision of the Plan Administrator shall be made within 60 days after receipt of a request for review and will be communicated in writing and in a manner calculated to be understood by the Claimant. Such written notice shall set forth the basis for the Plan Administrator's decision. If there are special circumstances which require an extension of time for completing the review, the Plan Administrator shall furnish notice of the extension to the Claimant prior to the termination of the initial 60-day period and such extension may not exceed one additional, consecutive 60-day period. Any notice of extension shall indicate the reasons for the extension and the date by which the Plan Administrator expects to make a determination.

7.03 Special Claims Procedures for Disability Determinations.

Notwithstanding Sections 7.01 and 7.02, if the claim or appeal of the Claimant relates to benefits while a Participant is disabled, such claim or appeal shall be processed pursuant to the applicable provisions of Department of Labor Regulation Section 2560.503-1 relating to disability benefits, including Sections 2560.503-1(d), 2560.503-1(f)(3), 2560.503-1(h)(4) and 2560.503-1(i)(3). These provisions include the following:

(a) If the Plan Administrator wholly or partially denies a Claimant's claim for disability benefits, the Plan Administrator shall provide the Claimant, within a 45-day response period following the receipt of the claim by the Plan Administrator, a comprehensible written notice setting forth (1) the basis for the denial, (2) any additional material or information necessary for the Claimant to perfect his claim, and (3) the steps which the Claimant must take to have his claim for benefits reviewed on appeal. If, for reasons beyond the control of the Plan Administrator, an extension of time is required for processing the claim, the Plan Administrator will send a written notice of the extension, an explanation of the circumstances requiring extension and the expected date of the decision before the end of the 45-day period. The Plan Administrator may only extend the 45-day period twice, each in 30-day increments. If at any time the Plan Administrator requires additional information in order to determine the claim, the Plan Administrator shall send a written notice explaining the unresolved issues that prevent a decision on the claim and a listing of the additional information needed to resolve those issues. The Claimant will have 45 days from the receipt of that notice to provide the additional information, and during the time that a request for information is outstanding, the running of the time period in which the Plan Administrator must decide the claim will be suspended.

(b) If the Plan Administrator denies all or part of a claim, further review of the claim is available upon written request by the Claimant to the Plan Administrator within 180 days after receipt by the Claimant of written notice of the denial. Upon review, the Plan Administrator shall provide the Claimant a full and fair review of the claim, including the opportunity to submit written comments, documents, records and other information relevant to the claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision on review shall be made within 45 days after receipt of the request for review, unless circumstances beyond the control of the Plan Administrator warrant an extension of time not to exceed an additional 45 days. If this occurs, written notice of the extension will be furnished to the Claimant before the end of the initial 45-day period, indicating the special circumstances requiring the extension and the date by which the Plan Administrator expects to make the final decision. The final decision shall be in writing and drafted in a manner calculated to be understood by the Claimant, and shall include the specific reasons for the decision with references to the specific Plan provisions on which the decision is based.

7.04 Exhaustion of Claims Procedures.

(a) Before filing any Claim (including a suit or other action) in court or in another tribunal, a Claimant must first fully exhaust all of the Claimant's actual or potential rights under the claims procedures of Sections 7.01, 7.02 and 7.03.

(b) Upon review by any court or other tribunal, the exhaustion requirement of this Section is intended to be interpreted to require exhaustion in as many circumstances as possible (and any steps necessary to clarify or effect this intent may be taken).

(c) In any action or consideration of a Claim in court or in another tribunal following exhaustion of the Plan's claims procedure as described in this Section, the subsequent

action or consideration shall be limited, to the maximum extent permissible, to the record that was before Plan Administrator in the claims procedure process.

(d) The exhaustion requirement of this Section shall apply – (1) regardless of whether other Disputes that are not Claims (including those that a court might consider at the same time) are of greater significance or relevance, (2) to any rights the Plan Administrator may choose to provide in connection with novel Disputes or in particular situations, (3) regardless of whether the rights are actual or potential and (4) even if the Plan Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such Claim (in which case the Plan Administrator upon notice of the Claim shall either promptly establish such claims procedures or shall apply or act by analogy to the claims procedures of Sections 7.01, 7.02 and 7.03 that apply to claims).

(e) The Plan Administrator may make special arrangements to consider a Claim on a class basis or to address unusual conflicts concerns, and such minimum arrangements in these respects shall be made as are necessary to maximize the extent to which exhaustion is required.

(f) For purposes of this Section, the following definitions apply –

(1) A "Dispute" is any claim, dispute, issue, assertion, allegation, action or other matter.

(2) A "Claim" is any Dispute that implicates in whole or in part any one or more of the following –

(i) The interpretation of the Plan;

(ii) The interpretation of any term or condition of the Plan;

(iii) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law;

(iv) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect;

(v) The administration of the Plan,

(vi) Whether the Plan, in whole or in part, has violated any terms, conditions or requirements of ERISA or other applicable law or regulation, regardless of whether such terms, conditions or requirements are, in whole or in part, incorporated into the terms, conditions or requirements of the Plan,

(vii) A request for Plan benefits or an attempt to recover Plan benefits;

(viii) An assertion that any entity or individual has breached any fiduciary duty;

(ix) An assertion that any individual or entity is a Participant, former Participant, Plan beneficiary, former Plan beneficiary or assignee of any of the foregoing; or

(x) Any Dispute or Claim that: (i) is deemed similar to any of the foregoing by the Plan Administrator, or (ii) relates to the Plan in any way.

(3) A "Claimant" is any Employee, former Employee, Participant, former Participant, Plan beneficiary, former Plan beneficiary or any other individual, person, entity, estate, heir, or representative with a relationship to any of the foregoing individuals or the Plan, as well as any group of one or more of the foregoing, who has a Claim. A "Claimant" also includes any individual or entity who is alleging the individual or entity has the status of a Participant, former Participant, Plan beneficiary, former Plan beneficiary, or any other individual or entity asserting a Claim.

7.05 Limitations on Actions.

Any claim or action filed in court (or any other tribunal) by or on behalf of a Claimant (as defined in Section 7.04) with respect to this Plan must be brought within the applicable timeframe that relates to the claim or action, listed as follows:

(a) Any claim or action relating to the alleged wrongful denial of Plan benefits must be brought within two years of the earlier of the date that the Claimant received the payment of the Plan benefits that are the subject of the claim or action or the date that the Claimant has received his calculation of Plan benefits that are the subject of the claim or action; and

(b) Any other claim or action not covered by subsection (a) above (including a claim or action relating to an alleged interference or violation of ERISA-protected rights), must be brought within two years of the date when the Claimant has actual or constructive knowledge of the acts that are alleged to give rise to the claim or action.

Failure to bring any such claim or action within the aforementioned timeframes shall mean that such claim or action is null and void and of no effect. The mandatory claim and appeal process in Article VII and any other correspondence or communications by the Company, an Employer, the Plan Administrator or any other person or entity related or affiliated with the Yum China Organization shall not toll the above timeframes and shall have no effect whatsoever on the above timeframes.

Any claim or action brought or filed in court or any other tribunal in connection with the Plan by or on behalf of a Claimant (as defined in Section 7.04) shall only be brought and filed in the United States District Court for the District of Delaware.

ARTICLE VIII – AMENDMENT AND TERMINATION

8.01 Amendment to the Plan.

The Company, or its delegate, has the right in its sole discretion to amend this Plan in whole or in part at any time and in any manner, including the terms and conditions of LRP Benefits, the terms on which distributions are made, and the form and timing of distributions. However, except for mere clarifying amendments necessary to avoid an inappropriate windfall, no Plan amendment shall reduce the balance of a Participant's Vested LRP Account as of the date such amendment is adopted. In addition, the Company shall have the limited right to amend the Plan at any time, retroactively or otherwise, in such respects and to such extent as may be necessary to fully qualify it under existing and applicable laws and regulations (including Section 409A), and if and to the extent necessary to accomplish such purpose, may by such amendment decrease or otherwise affect benefits to which Participants may have already become entitled, notwithstanding any provision herein to the contrary.

The Company's right to amend the Plan shall not be affected or limited in any way by a Participant's Retirement or other Separation from Service. In addition, the Company's right to amend the Plan shall not be affected or limited in any way by a Participant's death or Disability. Prior practices by the Company or an Employer shall not diminish in any way the rights granted the Company under this Section. Also, it is expressly permissible for an amendment to affect less than all of the Participants covered by the Plan.

Any amendment shall be in writing and adopted by the Company or by any officer of the Company who has authority or who has been granted or delegated the authority to amend this Plan. An amendment or restatement of this Plan shall not affect the validity or scope of any grant or delegation of such authority, which shall instead be solely determined based upon the terms of the grant or delegation (as determined under applicable law). All Participants and Beneficiaries shall be bound by such amendment.

Any amendments made to the Plan shall be subject to any restrictions on amendment that are applicable to ensure continued compliance under Section 409A.

8.02 Termination of the Plan.

The Company expects to continue this Plan, but does not obligate itself to do so. The Company reserves the right to discontinue and terminate the Plan at any time, in whole or in part, for any reason (including a change, or an impending change, in the tax laws of the United States or any state). Such termination shall be in writing and adopted by the Company or by any officer of the Company who has authority or who has been granted or delegated the authority to terminate this Plan. An amendment or restatement of this Plan shall not affect the validity or scope of any grant or delegation of such authority, which shall instead be solely determined based upon the terms of the grant or delegation (as determined under applicable law).

Termination of the Plan shall be binding on all Participants (and a partial termination shall be binding upon all affected Participants), but in no event may such termination reduce the

balance of a Participant's Vested LRP Account at the time of the termination. If this Plan is terminated (in whole or in part), the affected Participants' Vested LRP Accounts may either be paid in a single lump sum immediately, or distributed in some other manner consistent with this Plan, as provided by the Plan termination resolution. The Company's rights under this Section shall be no less than its rights under Section 8.01. Thus, for example, the Company may amend the Plan pursuant to the third sentence of Section 8.01 in conjunction with the termination of the Plan, and such amendment will not violate the prohibition on reducing a Participant's Vested LRP Account under this Section 8.02. This Section is subject to the same restrictions related to compliance with Section 409A that apply to Section 8.01.

ARTICLE IX – MISCELLANEOUS

9.01 Limitation on Participant Rights.

Participation in this Plan does not give any Participant the right to be retained in the Employer's or Company's employ (or any right or interest in this Plan or any assets of the Company or Employer other than as herein provided). The Company and Employer reserve the right to terminate the employment of any Participant without any liability for any claim against the Company or Employer under this Plan, except for a claim for payment of benefits as provided herein.

9.02 Unfunded Obligation of Individual Employer.

The benefits provided by this Plan are unfunded. All amounts payable under this Plan to Participants are paid from the general assets of the Participant's individual Employer. Nothing contained in this Plan requires the Company or Employer to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. Neither a Participant, Beneficiary, nor any other person shall have any property interest, legal or equitable, in any specific Employer asset. This Plan creates only a contractual obligation on the part of a Participant's individual Employer, and the Participant has the status of a general unsecured creditor of his Employer with respect to benefits granted hereunder. Such a Participant shall not have any preference or priority over, the rights of any other unsecured general creditor of the Employer. No other Employer guarantees or shares such obligation, and no other Employer shall have any liability to the Participant or his Beneficiary. In the event a Participant transfers from the employment of one Employer to another, the former Employer shall transfer the liability for benefits made while the Participant was employed by that Employer to the new Employer (and the books of both Employers shall be adjusted appropriately).

9.03 Other Benefit Plans.

This Plan shall not affect the right of any Eligible Executive or Participant to participate in and receive benefits under and in accordance with the provisions of any other employee benefit plans which are now or hereafter maintained by any Employer, unless the terms of such other employee benefit plan or plans specifically provide otherwise or it would cause such other plan to violate a requirement for tax-favored treatment.

9.04 Receipt or Release.

Any payment to a Participant or Beneficiary in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Plan Administrator, the Employer and the Company, and the Plan Administrator may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

9.05 Governing Law.

This Plan shall be construed, administered, and governed in all respects in accordance with ERISA and, to the extent not preempted by ERISA, in accordance with the laws of the State of Delaware. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

9.06 Adoption of Plan by Related Employers.

The Plan Administrator may select as an Employer any division of the Company, as well as any member of the Yum China Organization, and permit or cause such division or organization to adopt the Plan. The selection by the Plan Administrator shall govern the effective date of the adoption of the Plan by such related Employer. The requirements for Plan adoption are entirely within the discretion of the Plan Administrator and, in any case where the status of an entity as an Employer is at issue, the determination of the Plan Administrator shall be absolutely conclusive.

9.07 Rules of Construction.

The provisions of this Plan shall be construed according to the following rules:

(a) Gender and Number. Whenever the context so indicates, the singular or plural number and the masculine, feminine, or neuter gender shall be deemed to include the other.

(b) Examples. Whenever an example is provided or the text uses the term "including" followed by a specific item or items, or there is a passage having a similar effect, such passage of the Plan shall be construed as if the phrase "without limitation" followed such example or term (or otherwise applied to such passage in a manner that avoids limitation on its breadth of application).

(c) Compounds of the Word "Here". The words "hereof", "herein", "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or section.

(d) Effect of Specific References. Specific references in the Plan to the Plan Administrator's discretion shall create no inference that the Plan Administrator's discretion in any other respect, or in connection with any other provisions, is less complete or broad.

(e) Subdivisions of the Plan Document. This Plan document is divided and subdivided using the following progression: articles, sections, subsections, paragraphs, subparagraphs and clauses. Articles are designated by capital roman numerals. Sections are designated by Arabic numerals containing a decimal point. Subsections are designated by lower-case letters in parentheses. Paragraphs are designated by Arabic numbers in parentheses. Subparagraphs are designated by lower-case roman numerals in parenthesis. Clauses are designated by upper-case letters in parentheses. Any reference in a section to a subsection (with

no accompanying section reference) shall be read as a reference to the subsection with the specified designation contained in that same section. A similar reading shall apply with respect to paragraph references within a subsection and subparagraph references within a paragraph.

(f) Invalid Provisions. If any provision of this Plan is, or is hereafter declared to be void, voidable, invalid or otherwise unlawful, the remainder of the Plan shall not be affected thereby.

9.08 Successors and Assigns; Nonalienation of Benefits.

This Plan inures to the benefit of and is binding upon the parties hereto and their successors, heirs and assigns; provided, however, that the amounts credited to the LRP Account of a Participant are not (except as provided in Sections 5.05 and 6.04) subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to any benefits payable hereunder, including, without limitation, any assignment or alienation in connection with a separation, divorce, child support or similar arrangement, will be null and void and not binding on the Plan or the Company or any Employer. Notwithstanding the foregoing, the Plan Administrator reserves the right to make payments in accordance with a divorce decree, judgment or other court order as and when cash payments are made in accordance with the terms of this Plan from the Vested LRP Account of a Participant. Any such payment shall be charged against and reduce the Participant's Account.

9.09 Facility of Payment.

Whenever, in the Plan Administrator's opinion, a Participant or Beneficiary entitled to receive any payment hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Plan Administrator may direct the Employer to make payments to such person or to the legal representative of such person for his benefit, or to apply the payment for the benefit of such person in such manner as the Plan Administrator considers advisable. Any payment in accordance with the provisions of this Section shall be a complete discharge of any liability for the making of such payment to the Participant or Beneficiary under the Plan.

9.10 Missing Participants or Beneficiaries.

Each Participant and each designated beneficiary must notify the Plan Administrator in writing as to his current mailing address and of any changes to such address in a timely manner. Any communication, statement or notice addressed to the Participant or beneficiary will be binding on a Participant and his beneficiary for all purposes of the Plan if it is mailed to the Participant or beneficiary at such address, or if no such address has been provided to the Plan Administrator, then at the last address shown on the Employer's records.

ARTICLE X – SIGNATURE

IN WITNESS WHEREOF, this Plan is hereby adopted by the Company's duly authorized officer to be effective as provided herein.

Yum China Holdings, Inc.

By: _____

Name:

Title:

Signature Date

APPENDIX

This Appendix modifies particular terms of this Plan document as it may apply to certain groups and situations. Except as specifically modified in this Appendix, the foregoing main provisions of this Plan document shall fully apply in determining the rights and benefits of Participants. In the event of a conflict between this Appendix and the foregoing main provisions of this Plan document, the Appendix shall govern.

APPENDIX ARTICLE A – TRANSFERS FROM THE YUM! BRANDS LRP

A.01 Scope.

This Appendix Article A applies to any Executive who – (i) Transfers from the YUM! Organization to the Yum China Organization on the Distribution Date (or pursuant to a transfer by mutual agreement during the Transition Period), and (ii) has an account balance under the YUM! Brands LRP immediately prior to such Transfer.

A.02 Definitions.

When used in this Article, the following underlined terms shall have the meanings set forth below. Except as otherwise provided in this Article, all terms that are defined in Article II of the Plan shall have the meaning assigned to them by Article II.

(a) Distribution Date. The "Distribution Date" as defined in Article I of the main Plan document.

(b) Transfer. The act of transferring an Executive from the YUM! Brands organization of affiliated companies to the Yum China Organization. A Transfer may occur at any time on or after the Closing Date as determined by YUM! Brands and YUM! China. If an Executive is employed in the China business of the YUM! Organization immediately prior to the Distribution Date, and the Executive's employer is a member of the Yum China Organization immediately after the Distribution Date, such Executive shall be deemed to have had a Transfer on the Distribution Date.

(c) Transfer Date. The effective date and time of a Transfer.

(d) Transferred Participant. Any Executive who (i) Transfers from YUM! Brands to the Yum China Organization on or after the Closing Date, and (ii) has a YUM! Brands LRP Account balance immediately prior to such Transfer.

(e) Transition Period. A limited period after the Distribution Date for transferring employees by mutual agreement, as applies under the Employee Matters Agreement between YUM! Brands. and the Company, as amended.

(e) YUM! Brands. YUM! Brands, Inc..

(f) YUM! Brands LRP. The YUM! Brands Leadership Retirement Plan, as in effect immediately prior to a Transfer.

(g) YUM! Brands LRP Account. An individual account of a Transferred Participant that is maintained under the YUM! Brands LRP immediately prior to the Transfer.

(i) YUM! China LRP Account. The Transferred Participant's LRP Account under this Plan.

(j) YUM! Organization. The controlled group of organizations of which YUM Brands, Inc. is a part, as defined by Code section 414(b) and (c) and the regulations issued thereunder. An entity shall be considered a member of the YUM! Organization only during the period it is one of the group of organizations described in the preceding sentence.

A.03 Transfer of YUM! Brands LRP Accounts.

(a) A Transferred Participant's YUM! Brands LRP Account shall be transferred to this Plan effective as of the Transfer Date and shall become such Transferred Participant's initial LRP Account balance under this Plan. In addition, all benefit-determining elements under the YUM! Brands LRP shall also be transferred to this Plan together with the Transferred Participant's YUM! Brands LRP Account balance effective as of the Transfer Date. Any such Transferred Participant shall thereafter continue as a Participant under the Plan until the Transferred Participant's Termination Date under this Plan. Upon the transfer of a Transferred Participant's YUM! Brands LRP Account to this Plan, such Transferred Participant's participation in the YUM! Brands LRP shall terminate pursuant to the terms and conditions of the YUM! Brands LRP.

(b) A Beneficiary's (including any individual claiming an interest through or on behalf of a Beneficiary or Transferred Participant) interest in the YUM! Brands LRP that is derived from a Transferred Participant shall also be transferred, and any reference in this Article to a Transferred Participant or Transferred Participant's interest shall also refer to any Beneficiary and Beneficiary's interest related thereto.

(c) When a Transferred Participant's YUM! Brands LRP Account is transferred to this Plan pursuant to subsection (a), the liability to pay the Transferred Participant's LRP Benefit shall be assigned by the Company to the applicable Employer of the Transferred Participant.

A.04 Certain Elections.

All Beneficiary designations and distribution elections made by a Transferred Participant under the YUM! Brands LRP shall be transferred to this Plan as of the Transfer Date. Such elections shall remain in effect under this Plan (as if originally made under this Plan) until changed in accordance with the terms of the Plan.

A.05 Service.

A Transferred Participant's Years of Participation and Years of Service under the YUM! Brands LRP shall be transferred to this Plan and shall be recognized and taken into account for all purposes (*e.g.*, vesting) under this Plan as of the Transfer Date. For avoidance of any doubt,

the Transfer shall not cause a Separation of Service or a Break in Service for the Transferred Participant under either the YUM! Brands LRP or this Plan.

A.06 Employer Credit for Designated Participants.

(a) Employer Credit Percentage. For a Participant designated in this Section A.06(a) (a "Designated Participant"), in lieu of the Employer Credit Percentage under Section 5.01(b), and in lieu of the 20-year limitation on more-than-1% Employer Credits in Section 5.01(c)(iv), the Employer Credit Percentage and the maximum number of years that a Designated Participant may receive a greater-than-1% Employer Credit ("Maximum Years of > 1% Employer Credits") shall be as follows –

Designated Participant	Employer Credit Percentage	Maximum Years of > 1% Employer Credits
Micky Pant	20%	No maximum
Ted Stedem	8%	No maximum

The Employer Credit Percentage listed above shall remain the same during the Designated Participant's participation in the Plan and shall not change due to a change in his employment, level or age. Notwithstanding the prior sentence, the Company retains the right to amend the provisions of this Section A.06.

(b) Employer Credit Amount.

(1) General Rule. In lieu of the provisions under Section 5.01(c), a Designated Participant's Employer Credit shall be determined by the Plan Administrator by converting the Employer Credit Percentage applicable under subsection (a) above into a dollar amount by multiplying the Employer Credit Percentage by the Designated Participant's Base Compensation (as modified in paragraph (2) below), thereafter crediting the resulting product to the Designated Participant's LRP Account. However, notwithstanding the foregoing, the Employer Credit for Mickey Pant shall be determined by multiplying the respective Employer Credit Percentage by his Base Compensation and Bonus Compensation (as modified in paragraph (2) below), and thereafter crediting the resulting product to the Designated Participant's LRP Account. The Employer Credit shall be determined by the Plan Administrator as soon as administratively practicable after each Allocation Date and shall be credited to the Designated Participant's LRP Account effective as of the Allocation Date. The calculation of the Employer Credit by the Plan Administrator shall be conclusive and binding on all Designated Participants (and their Beneficiaries).

(2) Operating Rules. The following operating rules shall apply for purposes of determining a Designated Participant's Employer Credit under this Subsection (b):

(i) The Plan Administrator shall use the Designated Participant's annualized Base Compensation in effect on the Allocation Date (and shall not prorate the compensation if the Designated Participant received an increase in Base Compensation during the applicable period).

(ii) If a Designated Participant has less than one (1) Year of Participation measured from the last Allocation Date for which the Designated Participant received an Employer Credit to the current Allocation Date (*e.g.*, as may apply upon the Designated Participant's Termination Date), the Designated Participant's Base Compensation that shall be used shall be equal to the Designated Participant's annualized Base Compensation multiplied by the Designated Participant's fractional Year of Participation for such period.

(iii) The rules of Section 5.01(c)(2)(iii) shall apply (*i.e.*, the rules on Employer Credits during an Authorized Leave of Absence); provided, however, an Employer Credit for a Designated Participant shall only be based on his Base Compensation (or his Base Compensation and Bonus Compensation for Mickey Pant).

(iv) Notwithstanding anything in the Plan or the Appendix to the contrary, a Designated Participant shall not receive an Employer Credit using his applicable Bonus Compensation; provided however this subparagraph shall not apply to Mickey Pant.

(v) A Designated Participant shall not receive an Employer Credit under the Plan after the Designated Participant's LRP Account has been credited with the "Maximum Years of > 1% Employer Credits" listed in the table in subsection (a) above. For this

purpose, all of a Designated Participant's Years of > 1% Employer Credits shall be counted (including such years under the YUM! Brands LRP and before a Break in Service). Further, in determining the applicable Years of > 1% Employer Credits, any > 1% Employer Credits based on fractional Years of Participation shall be aggregated. However, if a Designated Participant has "no maximum" listed in the table in Subsection (a) above, then the provisions of this subparagraph (v) shall not apply to such Designated Participant.

A.07 Rights and Benefits From and After Transfer.

The rights and benefits of a Transferred Participant (and of those claiming through or on his/her behalf) from and after the Transfer Date shall be governed by the terms of this Plan. Notwithstanding anything in this Plan to the contrary, benefits payable under this Plan with respect to a Transferred Participant shall be adjusted by the Plan Administrator in an appropriate manner to avoid duplication of benefits under this Plan and the YUM! Brands LRP.

ARTICLE B – PARTICIPATION BY EXECUTIVES ON INTERNATIONAL ASSIGNMENTS

B.01 Scope.

This Article B supplements the main portion of the Plan document with respect to any person who qualifies as a Foreign-Assigned Executive and who is transferred to a Temporary Assignment outside the United States with an Approved Foreign Subsidiary, as those terms are defined in Article II of the Plan.

B.02 Eligible Countries.

(a) In general. For purposes of the definition of Executive under Article II of the Plan, and subject to any additional requirements that may apply under subsection (b) below, the following are the countries to which an individual may be assigned (in connection with a Temporary Assignment that is referenced in subsection (b) of the Plan's definition of Executive):

(1) China.

(2) [Reserved]

(b) Adjustments for Benefits Earned Under Local Plans.

(1) The LRP Account of a Participant to whom subsection (a) applies shall be adjusted to reflect any vested benefits payable to the Participant from a "broad-based foreign retirement plan" (as defined in Treasury Regulation § 1.409A-1(a)(3)) with respect to his Temporary Assignment.

(2) If a benefit is payable to such Participant with respect to his Temporary Assignment in one of the countries identified in subsection (a) under a plan or arrangement that is not a broad-based foreign retirement plan, the Participant's LRP Account shall be reduced only to the extent of the value of the Participant's benefit under such other plan or arrangement as of immediately prior to the Participant's return to an executive classification on an Employer's United States payroll, and such reduction shall be applied only to the benefit that accrues upon the Participant's return.

Exhibit 10.9

YUM CHINA HOLDINGS, INC.
LONG TERM INCENTIVE PLAN

YUM CHINA STOCK APPRECIATION RIGHTS AGREEMENT

This Yum China Stock Appreciation Rights Agreement is made as of the day of November, 2016, by and between Yum China Holdings, Inc., a Delaware corporation having its principal office at **[Insert]** (the "Company"), and [Insert] (the "Participant").

W I T N E S S E T H:

WHEREAS, Yum Brands, Inc., the sole shareholder of the Company, approved the Yum China Holdings Inc. Long Term Incentive Plan (the "Plan"), for the purposes and subject to the provisions set forth in the Plan;

WHEREAS, pursuant to authority granted to it in said Plan, the Committee (as defined in the Plan), has granted to the Participant stock appreciation rights (to be known hereinafter as "Yum China Stock Appreciation Rights") with respect to the number of shares of the Company's common stock as set forth below;

WHEREAS, Yum China Stock Appreciation Rights granted under the Plan are to be evidenced by an Award Agreement in such form and containing such terms and conditions as the Committee shall determine;

WHEREAS, capitalized terms used but not defined in this Yum China Stock Appreciation Rights Agreement shall have the meaning set forth in the Plan;

NOW, THEREFORE, it is mutually agreed as follows:

1. Grant. In consideration of the Participant remaining in the employ of the Company or one of its Subsidiaries (collectively the "Company Group"), the Company hereby grants to the Participant, as of November , 2016 (the "Grant Date"), on the terms and conditions set forth in this Yum China Stock Appreciation Rights Agreement, including any country-specific terms set forth in the attached appendix (the "Appendix" and together with the Yum China Stock Appreciation Rights Agreement, the "Agreement") and the Plan, stock appreciation rights with respect to aggregate number of shares of Stock (the "Covered Shares"), with an Exercise Price of $ per share, which was the Closing Value (as defined in Section 25) of a share of Stock on the Grant Date.

(a) Provided the Participant remains continuously employed by the Company Group through the applicable vesting date and subject to the terms and conditions of this Agreement including, without limitation, Section 4, the Yum China Stock Appreciation Rights shall vest and become exercisable (i) with respect to one-fourth (1/4) of the Covered Shares on the one-year anniversary of the Grant Date (*i.e.*, November , 2017, which is referred to as the "Initial Vesting Date"), and (ii) after the Initial Vesting Date, with respect to an additional one-fourth (1/4) of the Covered Shares at each of (1) the two-year anniversary of the Grant Date, (2) the three-year anniversary of the Grant Date, and (3) the four-year anniversary of the Grant Date, respectively.

(b) Exercisable Yum China Stock Appreciation Rights must be exercised no later than 4PM Eastern Standard Time ("EST"), November , 2026. The time during which Yum China Stock Appreciation Rights are exercisable is referred to as the "Yum China Stock Appreciation Right Term." If the expiration date falls on a New York Stock Exchange market holiday or weekend, 4PM EST will mean the business day prior to the expiration date.

(c) Once exercisable and until the end of the Yum China Stock Appreciation Term or such earlier date of the termination of the Yum China Stock Appreciation Rights as set forth in Section 4, all or a portion of the exercisable Yum China Stock Appreciation Rights may be exercised from time to time and at any time under procedures that the Committee shall establish from time to time, including, without limitation, procedures regarding the frequency of exercise and the minimum number of Yum China Stock Appreciation Rights which may be exercised at any time. Fractional Yum China Stock Appreciation Rights may not be exercised and no fractional shares shall be deliverable hereunder. No omission to exercise a Yum China Stock Appreciation Right shall result in the lapse of any other Yum China Stock Appreciation Right granted hereunder until the forfeiture, expiration or termination of such Yum China Stock Appreciation Right. The Yum China Stock Appreciation Rights shall terminate and expire no later than the end of the Yum China Stock Appreciation Right Term.

2. Exercise Procedure. Subject to the terms and conditions set forth herein, Yum China Stock Appreciation Rights may be exercised by giving notice of exercise to Merrill Lynch, the stock plan administrator (or any other stock plan administrator or vendor designated by the Company) in the manner specified from time to time by the Company or the stock plan administrator. Upon the exercise of a Yum China Stock Appreciation Right with respect to a share of Stock, the Participant shall receive an amount from the Company which is equal to the excess of the market price of a share of Stock at the time of exercise over the Exercise Price of one share of Stock. Such amount will be paid to the Participant, in shares of Stock (based on the market price of such shares at the date of exercise), and in cash with respect to any fractional shares or in a combination thereof as determined by the Committee in its sole discretion, subject to satisfaction of all Tax-Related Items (as defined in Section 6 below).

3. Effect of Termination of Employment, Death, and Retirement.

(a) The Participant shall have a period of 90 days following the Participant's termination of employment with the Company Group (as determined in accordance with Section 7(k) below) to exercise Yum China Stock Appreciation Rights that are vested and exercisable as of the Participant's last day of employment, but such exercise period shall not extend beyond the end of the Yum China Stock Appreciation Right Term. Except as otherwise provided in this Section 4 or as otherwise provided by the Committee, the Yum China Stock Appreciation Rights shall automatically expire, and no Yum China Stock Appreciation Right may be exercised after, such 90-day period (or, if earlier, the last day of the Yum China Stock Appreciation Right Term).

(b) In the event the Participant's employment with the Company Group is involuntarily terminated by a member of the Company Group other than for cause, including, without limitation, as a result of (i) a disposition (or similar transaction) with respect to an identifiable Company business or segment ("Business"), and in accordance with the terms of the transaction, the Participant and a substantial portion of the other employees of the Business

continue in employment with such Business or commence employment with its acquiror, (ii) the elimination of the Participant's position within the Company Group, or (iii) the selection of the Participant for work force reduction (whether voluntary or involuntary), the Yum China Stock Appreciation Rights will pro rata vest on a monthly basis for the vesting period in which the termination occurs such that a portion of the Participant's otherwise unvested Yum China Stock Appreciation Rights for the vesting period in which the termination occurs will vest based on the time the Participant was employed during such vesting period up to the last day of employment (as determined in accordance with Section 7(k) below) and all Yum China Stock Appreciation Rights that remain unvested will be forfeited. In the event the Participant's employment with the Company Group is terminated for cause, the Participant's outstanding Yum China Stock Appreciation Rights will be forfeited and become unexercisable upon such termination unless otherwise provided by the Committee.

(c) In the event the Participant's employment with the Company Group is terminated by reason of death or Retirement (as defined in Section 25), the Yum China Stock Appreciation Rights will pro rata vest on a monthly basis for the vesting period in which the termination occurs such that a portion of the Participant's otherwise unvested Yum China Stock Appreciation Rights for the vesting period in which the termination occurs will vest based on the time the Participant was employed during the vesting period up to the last day of employment (as determined in accordance with Section 7(k) below) and all Yum China Stock Appreciation Rights that remain unvested will be forfeited. The Participant's vested Yum China Stock Appreciation Rights may be exercised during the Yum China Stock Appreciation Right Term in accordance with this Agreement.

4. Compensation Recovery Policy.

(a) The Participant acknowledges and agrees that the Yum China Stock Appreciation Rights granted to the Participant under this Agreement shall be subject to any compensation recovery or recoupment policy established or adopted from time to time by the Company, including those established or adopted after the Grant Date ("Compensation Recovery Policy")..

(b) This Agreement is a voluntary agreement, and each Participant who has accepted the Agreement has chosen to do so voluntarily. The Participant understands that all Yum China Stock Appreciation Rights provided under the Agreement and all amounts paid to the individual under the Agreement are provided as an advance that is contingent on the Company's financial statements not being subject to a material restatement. As a condition of the Agreement, the Participant specifically agrees that the Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict the Yum China Stock Appreciation Rights for any individual party to such an agreement due to a material restatement of the Company's financial statements, as provided in the Compensation Recovery Policy. In the event that amounts have been paid to the Participant pursuant to the Agreement and the Committee determines that the Participant must repay an amount to the Company as a result of the Committee's cancellation, rescission, suspension, withholding or other limitation or restriction of rights, the Participant agrees, as a condition of being awarded such rights, to make such repayments.

5. Responsibility for Taxes. The Participant acknowledges that regardless of any action taken by the Company or the Participant's employer (if different) (the "Employer"), the

ultimate liability for all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items arising out of the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and such liability may exceed the amount, if any, actually withheld by the Company and/or the Employer. The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of any Yum China Stock Appreciation Right, including without limitation, the grant, vesting or exercise of the Yum China Stock Appreciation Right, the subsequent sale of shares acquired under the Plan and the receipt of any dividends; and (b) do not commit and are under no obligation to structure the terms of the grant or any aspect of a Yum China Stock Appreciation Right to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable, tax and/or social security contribution withholding event, the Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, at their sole discretion, to satisfy their withholding obligations with respect to Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid to him or her by the Company and/or the Employer; or (ii) withholding from the proceeds of the sale of shares acquired upon exercise of a Yum China Stock Appreciation Right, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization); or (iii) withholding in shares to be issued upon exercise of the Yum China Stock Appreciation Right, provided, however, that if the Participant is a Section 16 officer of the Company under the Exchange Act, then the Participant may elect the form of withholding from the alternatives above in advance of any taxable or tax withholding event, as applicable, and in the absence of the Participant's timely election, the Company will withhold from proceeds of the sale of shares upon the relevant taxable or tax withholding event, as applicable, or the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) may determine that a particular method be used to satisfy any obligations for Tax-Related Items in advance of any taxable or tax withholding event, as applicable.

Depending on the withholding method, the Company or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in shares, for tax purposes, the Participant is deemed to have been issued the full number of shares subject to the exercised Yum China Stock Appreciation Rights, notwithstanding that a number of shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a

result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise and refuse to issue or deliver the shares or the proceeds of the sale of the shares to the Participant if the Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

6. Nature of Grant. In accepting the Yum China Stock Appreciation Rights, the Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) this grant of Yum China Stock Appreciation Rights is voluntary and occasional and does not create any contractual or other right to receive future grants of Yum China Stock Appreciation Rights, or benefits in lieu of Yum China Stock Appreciation Rights, even if Yum China Stock Appreciation Rights have been granted in the past;

(c) all decisions with respect to future grants of Yum China Stock Appreciation Rights or other awards, if any, will be at the sole discretion of the Company;

(d) the Participant is voluntarily participating in the Plan;

(e) the Yum China Stock Appreciation Rights and the shares of Stock acquired under the Plan, and the income and value of same, are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(f) the Yum China Stock Appreciation Rights and any shares of Stock acquired under the Plan, and the income and value of same, are not intended to replace any pension rights or compensation;

(g) the Yum China Stock Appreciation Rights grant and the Participant's participation in the Plan shall not be interpreted to form an employment contract or relationship with the Company or the Employer or any Subsidiary or affiliate of the Company;

(h) the future value of the underlying shares is unknown, indeterminable and cannot be predicted with certainty;

(i) if the underlying shares do not increase in value, the Yum China Stock Appreciation Right will have no value;

(j) no claim or entitlement to compensation or damages shall arise from termination of this award of Yum China Stock Appreciation Rights or diminution in value of the Stock acquired upon exercise resulting from the Participant's separation from service (regardless of the reason for the termination and whether or not the

termination is later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of the Participant's employment agreement, if any);

(k) for purposes of the Yum China Stock Appreciation Rights, the Participant's employment or service relationship with the Company Group will be considered terminated as of the date the Participant is no longer actively providing services to the Company or one of its Subsidiaries (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any)and, unless otherwise determined in this Agreement, will not be extended by any notice period (*e.g.*, the Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any); the Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Yum China Stock Appreciation Rights (including whether the Participant may still be considered to be providing services while on a leave of absence);

(l) the following additional provisions apply only if the Participant is providing services outside the United States:

(i) the Yum China Stock Appreciation Rights and the shares of Stock acquired under the Plan, and the income and value of same, are not part of normal or expected compensation or salary for any purpose; and

(ii) neither the Company, the Employer nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between his or her local currency and the United States Dollar that may affect the value of the Yum China Stock Appreciation Rights or of any amounts due to Participant pursuant to the exercise of the Yum China Stock Appreciation Rights or the subsequent sale of any shares of Stock acquired upon exercise.

7. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

8. Adjustment for Change in Stock. As set forth in the Plan, in the event of any change in the outstanding shares of Stock by reason of any stock split, stock dividend, recapitalization, merger, consolidation, combination or exchange of shares or similar corporate change, the number of shares which the Participant may purchase pursuant to the Yum China

Stock Appreciation Rights and the Exercise Price at which the Participant may purchase such shares shall be adjusted appropriately in the Committee's sole discretion.

9. Nontransferability. These Yum China Stock Appreciation Rights are personal to the Participant and, during his or her lifetime, may be exercised only by the Participant. The Yum China Stock Appreciation Rights shall not be transferable or assignable, other than by will or the laws of descent and distribution, and any such purported transfer or assignment shall be null and void without the express consent of the Committee. In the event of the Participant's death, the Yum China Stock Appreciation Rights may be exercised by the Participant's designated beneficiary (or, if none, his or her legal representative).

10. Change in Control. Notwithstanding anything in this Agreement to the contrary (including Section 4 above), if the Participant is employed on the date of a Change in Control (as defined in the Plan), and the Participant's employment is involuntarily terminated by a member of the Company Group (other than for cause) on or within two years following the Change in Control, the outstanding unvested Yum China Stock Appreciation Rights shall become fully and immediately exercisable. If the employment of the Participant is terminated by the Company (other than for cause) on or within two years following a Change in Control, all outstanding vested and exercisable Yum China Stock Appreciation Rights shall continue to be exercisable at any time within three years after the date of such termination of employment, but in no event after the end of the Yum China Stock Appreciation Right Term.

11. Notices. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company at **[Insert]**, Attention: **[Insert]**, or such other address (including any email address) as the Company may hereafter designate to the Participant. Any such notice shall be deemed to have been given when personally delivered, addressed as aforesaid, or when enclosed in a properly sealed envelope or wrapper, addressed as aforesaid, and deposited, postage prepaid, with the federal or other official postal service for the Participant's country.

12. Binding Effect.

(a) This Agreement shall be binding upon and inure to the benefit of any assignee or successor in interest to the Company, whether by merger, consolidation or the sale of all or substantially all of the Company's assets. the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(b) This Agreement shall be binding upon and inure to the benefit of the Participant or his or her legal representative and any person to whom a Yum China Stock Appreciation Right may be transferred by will, the applicable laws of descent and distribution or consent of the Committee.

13. Receipt of Prospectus. The Participant hereby acknowledges that he or she has received a copy of the Company's Prospectus relating to the Yum China Stock Appreciation

Rights, the Covered Shares and the Plan, and that he or she fully understands his or her rights under the Plan.

14. ***Data Privacy.*** ***The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other award materials, by and among, as applicable, the Employer, the Company and its Subsidiaries, for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.***

The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Stock or directorships held in the Company, details of all awards of Yum China Stock Appreciation Rights or any other entitlement to Stock or equivalent benefits awarded, canceled, purchased, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

The Participant understands that Data will be transferred to Merrill Lynch, which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections from the Participant's country. The Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of Data by contacting his or her local human resources representative. The Participant authorizes the Company, Merrill Lynch and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom any shares of Stock acquired under the Plan may be deposited. The Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting his or her local human resources representative. Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be affected; the only consequence of refusing or withdrawing his or her consent is that the Company would not be able to grant the Participant Yum China Stock Appreciation Rights or other awards or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing his or her consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of

the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

15. Plan Controls. The Yum China Stock Appreciation Rights and the terms and conditions set forth herein are subject in all respects to the terms and conditions of the Plan and any Operating Guidelines or other policies or regulations which govern administration of the Plan, which shall be controlling. The Company reserves its right to amend or terminate the Plan at any time without the consent of the Participant; provided, however, that Yum China Stock Appreciation Rights outstanding under the Plan at the time of such amendment or termination shall not be adversely affected thereby, as set forth in Section 7 of the Plan. All interpretations or determinations of the Committee shall be final, binding and conclusive upon the Participant and his or her legal representatives on any question arising hereunder or under the Plan, the Operating Guidelines or other policies or regulations which govern administration of the Plan.

16. No Rights as Shareholder. The Participant shall not be a shareholder of record and therefore shall have no voting, dividend or other shareholder rights until a Yum China Stock Appreciation Right is exercised and shares of Stock subject thereto have been issued to the Participant.

17. Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Stock, the Company shall not be required to deliver any shares issuable upon exercise of the Yum China Stock Appreciation Rights prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the United States Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. The Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. The Company shall have unilateral authority to amend the Plan and the Agreement without my consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

18. Governing Law & Venue. The Participant's participation in the Plan and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of laws thereof.

For purposes of litigating any dispute that arises in connection with this grant, the Participant's participation in the Plan or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of **Delaware** and agree that such litigation shall be conducted in the courts of **[Insert]**, or the federal courts for the United States for the **[Insert]**, where this grant is made and/or to be performed.

19. Language. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

20. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

22. Imposition of Other Requirements. The Committee reserves the right to impose other requirements on the Participant's participation in the Plan and on any Stock acquired under the Plan, to the extent the Committee determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to accept the terms of any additional agreements or undertakings that may be necessary to accomplish the foregoing.

23. Appendix. Notwithstanding any provisions herein, the Participant's participation in the Plan shall be subject to any special terms and conditions set forth in the Appendix to this Yum China Stock Appreciation Rights Agreement for the Participant's country. Moreover, if the Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Participant, to the extent Committee determines in its sole discretion that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

24. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Closing Value" of a share of Stock on any date shall mean an amount equal to the closing sales price of a share of Stock as reported on the composite tape for securities listed on The New York Stock Exchange, on the date in question (or, if no sales of Stock were made on said Exchange on such date, on the next preceding day on which sales were made on such Exchange), rounded to two decimal places.

(b) "Retirement" shall mean termination of employment by the Participant on or after the Participant's attainment of age 55 and 10 years of service or age 65 and 5 years of service (and not for any other reason). Notwithstanding the definition of Retirement set forth immediately above, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in the Participant's jurisdiction that would likely result in the favorable Retirement treatment that applies to this grant under the Plan being deemed unlawful and/or discriminatory, then the Committee will not apply the favorable Retirement treatment at the time of the Participant's termination of employment and the Yum China Stock Appreciation Rights shall be governed by the remaining provisions related to termination of the Participant's employment.

By electronically accepting the grant of the Yum China Stock Appreciation Rights and participating in the Plan, the Participant agrees to be bound by the terms and conditions in the Plan and this Agreement.

Yum China Holdings, Inc.

By: _____

Its: _____

APPENDIX TO

YUM CHINA HOLDINGS, INC.
LONG TERM INCENTIVE PLAN

YUM CHINA STOCK APPRECIATION RIGHTS AGREEMENT

Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Yum China Stock Appreciation Rights Agreement and the Plan.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Yum China Stock Appreciation Rights granted to the Participant under the Yum China Holdings, Inc. Long Term Incentive Plan if the Participant works and/or resides in one of the countries listed below.

If the Participant is a citizen or resident of a country other than the one in which he or she is currently residing and/or working or transfers residency and/or employment after the Grant Date, the Company shall determine to which extent the additional terms and conditions shall be applicable to the Participant.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of **August 2016**. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that Yum China Stock Appreciation Rights vest or the Participant sells Stock acquired at vesting of the Yum China Stock Appreciation Rights under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to his or her situation.

Finally, if the Participant is a citizen or resident of a country other than the one in which he or she is currently working or transfers residency and/or employment after the Grant Date, the information contained herein may not be applicable to the Participant in the same manner.

CHINA

Terms and Conditions

The following provisions apply only to nationals of the People's Republic of China (the "PRC") residing in the PRC, unless otherwise determined by the Company or required by the State Administration of Foreign Exchange ("SAFE"):

Exercisability and Exercise Procedure. This provision supplements Sections 2 and 3 of the Yum China Stock Appreciation Rights Agreement:

The exercisability and settlement of the Yum China Stock Appreciation Rights is conditioned on the Company's completion of a registration of the Plan with SAFE and on the continued effectiveness of such registration (the "SAFE Registration Requirement"). If the Company is unable to complete the registration or maintain the registration, the Participant shall not be permitted to exercise the Yum China Stock Appreciation Right.

Further, notwithstanding anything in the Agreement (including Section 4 of the Yum China Stock Appreciation Rights Agreement), if the Participant's employment or service relationship with the Company Group is terminated at a time when the SAFE Registration Requirement is not met, all Yum China Stock Appreciation Rights shall be forfeited.

Mandatory Exercise and Sale of Shares Upon Termination of Service. To ensure compliance with exchange control laws in China, and notwithstanding any provision in the Agreement (including Section 4 of the Yum China Stock Appreciation Rights Agreement), the Participant agrees that any vested and exercisable Yum China Stock Appreciation Rights must be exercised immediately upon, and in no event later than six months after, the Participant's termination of service, or within any such other period as may be permitted by the Company or required by SAFE. The Participant understands and acknowledges that, notwithstanding Section 4 of the Yum China Stock Appreciation Rights Agreement, any vesting of the Yum China Stock Appreciation Rights will cease in no event later than six months after the Participant's termination of Service, or within such other period as may be permitted by the Company or required by SAFE. In addition, the Participant acknowledges and agrees that any vested and exercisable Yum China Stock Appreciation Rights not exercised immediately upon the Participant's termination, or within such other period as may be permitted by the Company or required by SAFE, will be forfeited or may be exercised by the Company on behalf of the Participant (pursuant to this authorization).

Further, the Participant agrees that any Stock issued upon exercise of the China Yum Stock Appreciation Rights and held by the Participant at the time of his or her termination of service must be sold immediately upon, and in no event later than six months after, the Participant's termination of service, or within any such other period as may be permitted by the Company or required by SAFE.. Any Stock that is not sold by the Participant upon his her termination, or within such other period as may be permitted by the Company or required by SAFE, will be sold on his or her behalf as soon as practicable after the Participant's termination of service and in no event more than six months after his or her termination of service or after such other period as required by SAFE. The Participant authorizes(i) the Company to instruct its designated broker to sell such Stock and (ii) the designated broker to assist with the sale of

such Stock. The Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Stock at any particular price. Upon the sale of the Stock, the Company agrees to pay the Participant the cash proceeds from the sale of the Stock, less any brokerage fees or

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commissions and subject to any obligation on the Company or the Employer to satisfy any Tax-Related Items.

Broker Account. Any Stock issued to the Participant upon exercise of the China Yum Stock Appreciation Rights must be maintained in an account with Merrill Lynch or such other broker as may be designated by the Company until the Stock is sold through that broker.

Repatriation. Pursuant to exchange control laws in China, when the Stock acquired at exercise of the China Yum Stock Appreciation Rights is sold, whether immediately or thereafter, including on the Participant's behalf after termination of his or her service, the Participant will be required to immediately repatriate the cash proceeds from the sale of the Stock and any cash dividends paid on such Stock to China. The Participant further understands that, under local law, such repatriation of his or her cash proceeds will need to be effectuated through a special exchange control account established in China by the Company or any Subsidiary or the Employer, and the Participant hereby consents and agrees that any proceeds from the sale of Stock will be transferred to such special account prior to being delivered to the Participant. Unless the Company in its sole discretion decides otherwise, the proceeds will be paid to the Participant in local currency. The Company is under no obligation to secure any exchange conversion rate, and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions in China. The Participant agrees to bear any currency fluctuation risk between the time the Stock is sold and the time the sale proceeds are distributed through such special exchange control account.

Other. The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China and to sign any agreements, forms and/or consents that may be reasonably requested by the Company or its designated broker to effectuate any of the remittances, transfers, conversions or other processes affecting the proceeds.

Notifications

Foreign Asset and Account Reporting. The Participant may be required to report to SAFE all details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents. The Participant should consult with his or her personal advisor in order to ensure compliance with applicable reporting requirements.

Exhibit 10.10

YUM CHINA HOLDINGS, INC. LONG TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

Grant Date:	**November , 2016**
Grantee:	**Name**
Aggregate Number of Units Subject to Award:	xxx
Vesting Schedule:	**1/2 on each of the second and third year anniversary of the Grant Date**

This **RESTRICTED STOCK UNIT AGREEMENT** ("Agreement") is made as of day of November, 2016 between **YUM CHINA HOLDINGS, INC.**, a Delaware corporation (the "Company"), and [insert] ("Participant").

1. **Award.**

(a) **Restricted Stock Units**. Pursuant to the Yum China Holdings, Inc. Long Term Incentive Plan (the "Plan"), Participant is hereby awarded the aggregate number of restricted stock units set forth above evidencing the right to receive an equivalent number of shares of Stock, subject to the conditions of the Plan and this Agreement ("Restricted Stock Units").

(b) **Plan Incorporated**. Participant acknowledges receipt of a copy of the Prospectus for the Plan, and agrees that this award of Restricted Stock Units shall be subject to all of the terms and conditions set forth in the Plan and the Prospectus, including future amendments thereto, if any, which Plan and Prospectus are incorporated herein by reference as a part of this Agreement. Participant may make a written request for a copy of the Plan at any time. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan.

2. **Terms of Restricted Stock Units**. Participant hereby accepts the Restricted Stock Units and agrees with respect thereto as follows:

(a) **Assignment of Restricted Stock Units Prohibited**. The Restricted Stock Units may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of, except by will or the applicable laws of inheritance.

(b) **Vesting**. Except as otherwise provided herein, as long as a separation from service from the Company and its Subsidiaries (collectively the "Company Group") does not occur prior to the relevant vesting date specified under the Vesting Schedule above (each a "Vesting Date"), then Participant shall become vested in the number of Restricted Stock Units credited to Participant under this Agreement on such Vesting Date and the shares of Stock subject to the vested Restricted Stock Units shall be issued to him or her as described in subparagraph (f) below.

(c) **Termination of Service**. In the event Participant's service with the Company Group is terminated either (i) voluntarily by Participant (other than as a result of Retirement, as defined below), or (ii) involuntarily by a member of the Company Group for cause (as determined by the Company in its sole discretion), Participant shall, for no consideration, forfeit all Restricted Stock Units to the extent they are not fully vested at the time of separation from service. In the event of termination of Participant's service with the Company Group prior to a Vesting Date for any other reason, including but not limited to, death, Retirement, or involuntary termination by a member of the Company Group other than for cause, including without limitation, as a result of (i) a disposition (or similar transaction) with respect to

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an identifiable Company business or segment ("Business"), and in accordance with the terms of the transaction, Participant and a substantial portion of the other employees of the Business continue in employment with such Business or commence employment with its acquiror, (ii) the elimination of Participant's position within the Company Group, or (iii) the selection of Participant for work force reduction (whether selection is voluntary or involuntary), then Participant shall become vested in a portion of the Restricted Stock Units which is in proration to Participant's service during the period commencing on the later of (i) the Grant Date or (ii) the immediately previous Vesting Date and ending on the date of death, Retirement, or involuntary termination other than for cause as described in this subparagraph and the date of termination shall be treated as a Vesting Date for purposes of this Agreement.

If a Change in Control occurs prior to a Vesting Date and prior to Participant's separation from service and if Participant's employment is involuntarily terminated by a member of the Company Group (other than for cause) on or within two years following the Change in Control, then Participant shall become vested in all unvested Restricted Stock Units credited to Participant under this Agreement on Participant's termination date (to the extent not previously vested in accordance with the terms hereof) and the date of termination shall be treated as the Vesting Date for purposes of this Agreement.

"Retirement" shall mean termination of employment by Participant on or after Participant's attainment of age 55 and 10 years of service or age 65 and 5 years of service (and not for any other reason). Notwithstanding the definition of Retirement set forth immediately above, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in Participant's jurisdiction that would likely result in the favorable Retirement treatment that applies to this grant under the Plan being deemed unlawful and/or discriminatory, then the Committee will not apply the favorable Retirement treatment at the time of Participant's termination of employment and the Restricted Stock Units shall be governed by the remaining provisions related to termination of Participant's employment.

(d) **Dividend Equivalent Units**. Participant will be credited with additional units ("Dividend Equivalent Units") equal to the amount of dividends that would have been paid on the Restricted Stock Units if Participant actually owned the same number of shares of Stock during the period between the Grant Date and the Vesting Date. Dividend Equivalent Units shall vest at the same time that the Restricted Stock Units vest; provided, however, that in the event the Restricted Stock Units are forfeited then any accumulated Dividend Equivalent Units will also be forfeited.

(e) **No Rights as Stockholder**. Participant shall not be a shareholder of record and therefore shall have no voting, dividend or other shareholder rights prior to the issuance of shares of Stock at vesting.

(f) **Settlement and Delivery of Stock**. Payment of vested Restricted Stock Units shall be made as soon as administratively practicable after the applicable Vesting Date but in no event later than 2-1/2 months following the year in which the Vesting Date occurs. Settlement will be made by payment in shares of Stock.

Notwithstanding the foregoing or any other provision of the Plan or this Agreement, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Stock, the Company shall not be required to deliver any shares issuable upon settlement of the Yum China Stock Appreciation Rights prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or

foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. The Company is under no obligation to register or qualify the shares of Stock with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, the Company shall have unilateral authority to amend the Agreement without my consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Stock.

Furthermore, Participant understands that the laws of the country in which he or she is working at the time of grant or vesting of the Restricted Stock Units or at the subsequent sale of Stock granted to Participant under this Award (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to ownership or sale of such Stock.

3. **Withholding of Tax.**

(a) Participant acknowledges that regardless of any action taken by the Company or if different, Participant's employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items arising out of Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items"), is and remains Participant's responsibility and may exceed the amount, if any, actually withheld by the Company and/or the Employer. Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Stock acquired under the Plan pursuant to such settlement and the receipt of any dividends or Dividend Equivalent Units; and (b) do not commit and are under no obligation to structure the terms of the grant or any aspect of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Furthermore, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with respect to Tax-Related Items by one or a combination of the following (1) withholding from Participant's wages or other cash compensation paid to Participant by Yum China, the Employer, or any Subsidiary of Yum China; or (2) withholding from the proceeds of the sale of shares of Stock acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization); or (3) withholding in Stock to be issued upon settlement of the Restricted Stock Units, provided, however, that if Participant is a Section 16 officer of the Company under the Exchange Act, then Participant may elect the form of withholding from the alternatives above in advance of any taxable or tax withholding event, as applicable, and in the absence of Participant's timely election, the Company will withhold from proceeds of the sale of Stock upon the relevant taxable or tax withholding event, as applicable, or the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) may determine that a particular method be used to satisfy any obligations for Tax-Related Items in advance of any taxable or tax withholding event, as applicable.

(c) Depending on the withholding method, the Company or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Stock equivalent. If the obligation for the Tax-Related Items is satisfied by withholding in Stock, for tax purposes, Participant is deemed to have been issued the full number of shares of Stock subject to the vested Restricted Stock Units, notwithstanding that a number of shares of Stock are held back solely for the purpose of paying the Tax-Related Items.

(d) Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described in this Paragraph 3. the Company may refuse to issue or deliver the Stock or the proceeds from the sale of Stock, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

4. Nature of Award. In accepting the Restricted Stock Units, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by Yum China, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) this Award of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

(c) the Award of Restricted Stock Units and the shares of Stock subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(d) all decisions with respect to future grants of Restricted Stock Units or other Awards, if any, will be at the sole discretion of Yum China;

(e) Participant's participation in the Plan is voluntary;

(f) this Award of Restricted Stock Units and any Stock acquired under the Plan, and the income and value of same, are not intended to replace any pension rights or compensation;

(g) the future value of the Stock underlying the Restricted Stock Units is unknown, indeterminable and cannot be predicted with certainty;

(h) no claim or entitlement to compensation or damages shall arise from termination of this Award of Restricted Stock Units or diminution in value of the Stock acquired upon settlement resulting from Participant's separation from service (regardless of the reason for the termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any);

(i) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be

exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Stock; and

(j) the following provisions apply only if Participant is providing services outside the United States:

(i) the Restricted Stock Units and the shares of Stock subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation or salary for any purpose; and

(ii) neither the Company, the Employer nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between his or her local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any shares of Stock acquired upon settlement.

5. **Compensation Recovery Policy**

(a) The Participant acknowledges and agrees that the Restricted Stock Units granted to the Participant under this Agreement shall be subject to any compensation recovery or recoupment policy established or adopted from time to time by the Company, including those established or adopted after the Grant Date ("Compensation Recovery Policy").

(b) This Agreement is a voluntary agreement, and each Participant who has accepted the Agreement has chosen to do so voluntarily. Participant understands that the Restricted Stock Units provided under the Agreement and all amounts paid to the individual under the Agreement are provided as an advance that is contingent on the Company's financial statements not being subject to a material restatement. As a condition of the Agreement, Participant specifically agrees that the Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict the Restricted Stock Units for any individual party to such an agreement due to a material restatement of the Company's financial statements, as provided in the Company's Compensation Recovery Policy. In the event that amounts have been paid to Participant pursuant to the Agreement and the Committee determines that Participant must repay an amount to the Company as a result of the Committee's cancellation, rescission, suspension, withholding or other limitation or restriction of rights, Participant agrees, as a condition of being awarded such rights, to make such repayments.

6. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or sale of the Stock acquired upon vesting of the Restricted Stock Units. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

7. **Adjustment for Change in Stock.** As set forth in the Plan, in the event of any change in the outstanding shares of Stock by reason of any stock split, stock dividend, recapitalization, merger, consolidation, combination or exchange of shares or similar corporate change, the number of shares of Stock which Participant may receive upon settlement of the Restricted Stock Units shall be adjusted appropriately in the Committee's sole discretion.

8. **Employment Relationship**. For purposes of this Agreement, Participant shall be considered to be in the employment of the Company Group as long as Participant remains an employee of

the Company or any of its Subsidiaries or any successor companies assuming or substituting a new award for this Award of Restricted Stock Units.

For purposes of the Restricted Stock Units, Participant's employment or service relationship will be considered terminated as of the date Participant is no longer actively providing services to the Company or one of its Subsidiaries (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any) and will not be extended by any notice period (*e.g.*, Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any).

Any question as to whether and when there has been a termination of such employment (including whether Participant may still be considered to be providing services while on a leave of absence), and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final. Nothing contained in this Agreement is intended to constitute or create a contract of service or employment, nor shall it constitute or create the right to remain associated with or in the service or employ of the Company, the Employer or any other Subsidiary or related company for any particular period of time. This Agreement shall not interfere in any way with the right of the Company, the Employer or any other Subsidiary or related company, as applicable, to terminate Participant's service or employment at any time. Furthermore, this Agreement, the Plan, and any other Plan

documents are not part of Participant's employment contract, if any, and do not guarantee either Participant's right to receive any future grants of Awards or benefits in lieu thereof under this Agreement or the Plan.

9. ***Data Privacy.*** ***Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Award materials by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.***

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Stock or directorships held in Yum China, details of all Awards of Restricted Stock Units or any other entitlement to Stock or equivalent benefits awarded, canceled, purchased, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to Merrill Lynch, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections from Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of Data by contacting his or her local human resources representative. Participant authorizes Yum China, Merrill Lynch and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is

necessary to implement, administer and manage Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom any shares of Stock acquired under the Plan may be deposited. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing his or her consent is that the Company would not be able to grant Participant Restricted Stock Units or other Awards or administer or maintain such Awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

10. **Mode of Communications**. Participant agrees, to the fullest extent permitted by law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that the Company or related company may deliver in connection with this grant and any other grants offered by the Company, including prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. Electronic delivery of a document may be made via the Company's email system or by reference to a location on the Company's intranet or website or website of the Company's agent administering the Plan.

To the extent Participant has been provided with a copy of this Agreement, the Plan, or any other documents relating to this Award in a language other than English, the English language documents will prevail in case of any ambiguities or divergences as a result of translation.

11. **Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

12. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

13. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Participant.

14. **Insider Trading Restrictions/Market Abuse Laws.** Participant acknowledges that Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States and your country, if different, which may affect Participant's ability to acquire or sell shares of Stock or rights to shares of Stock (*e.g.*, Restricted Stock Units) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions, and Participant is advised to speak to his or her personal advisor on this matter.

15. **Governing Law and Forum.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware. For purposes of resolving any dispute that may arise directly or indirectly from this Agreement, the parties hereby agree that any such dispute that cannot be resolved by the parties shall be submitted the Committee for resolution, and any decision by the Committee shall be final.

For purposes of litigating any dispute that arises under this grant, Participant's participation in the Plan or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of **[Delaware]** and agree that such litigation shall be conducted in the courts of **[Insert venue]**, or the federal courts for the United States for the **[Insert]**, where this grant is made and/or to be performed.

16. **Addendum.** Notwithstanding any provisions in this Agreement, the Award of Restricted Stock Units shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Agreement.

17. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. **Waiver**. Participant acknowledges that a waiver by the company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other Participant.

19. **Section 409A Provisions.** Notwithstanding anything in this Agreement (or the Plan) to the contrary:

(a) It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and all regulations, guidance and other interpretive authority issued thereunder ("Code Section 409A") so as not to subject Participant to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to Participant. Notwithstanding the foregoing or any other provision of this Agreement, neither the Company nor any Subsidiary guarantees the tax treatment of the award evidenced by this Agreement (or other awards under the Plan).

(b) If any payment hereunder (whether separately or together with any other payments) is subject to Code Section 409A, and if such payment or benefit is to be paid or provided on account of Participant's termination of employment (or other separation from service or termination of employment) (i) and if Participant is a specified employee (within the meaning of Code Section 409A) and if any such payment is required to be made or provided prior to the first day of the seventh month following Participant's separation from service or termination of employment, such payment shall be delayed until the first day of the seventh month following Participant's separation from service or termination of employment, and (ii) the determination as to whether Participant has had a termination of employment (or separation from service) shall be made in accordance with the provisions of Code Section 409A without application of any alternative levels of reductions of bona fide services permitted thereunder.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized as of the date first above written.

YUM CHINA HOLDINGS, INC.

By: _____

Its: _____

BY PARTICIPATING IN THE PLAN, I AM DEEMED TO ACCEPT THE GRANT BY YUM CHINA HOLDINGS, INC. OF THE RESTRICTED STOCK UNITS, AND I HEREBY AGREE TO THE TERMS AND CONDITIONS SET FORTH IN THIS RESTRICTED STOCK UNIT AGREEMENT DATED NOVEMBER , 2016

ADDENDUM TO

YUM CHINA HOLDINGS, INC. LONG TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

Certain capitalized terms used but not defined in this Addendum have the meanings set forth in the Restricted Stock Unit Agreement and the Plan.

Terms and Conditions

This Addendum includes additional terms and conditions that govern the Award of Restricted Stock Units granted to Participant under the Yum China Holdings, Inc. Long Term Incentive Plan if Participant works and/or resides in one of the countries listed below.

If Participant is a citizen or resident of a country other than the one in which he or she is currently residing and/or working or transfers residency and/or employment after the Grant Date, the Company shall determine to which extent the additional terms and conditions shall be applicable to Participant.

Notifications

This Addendum also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of **November 2016**. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Addendum as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time that Restricted Stock Units vest or Participant sells Stock acquired at vesting of the Restricted Stock Units under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

Finally, if Participant is a citizen or resident of a country other than the one in which he or she is currently residing and/or working or transfers residency and/or employment after the Grant Date, the information contained herein may not be applicable to Participant in the same manner.

CHINA

Terms and Conditions

The following provisions apply only to nationals of the People's Republic of China (the "PRC") residing in the PRC, unless otherwise determined by the Company or required by the State Administration of Foreign Exchange ("SAFE"):

Settlement and Delivery of Stock. This provision supplements Paragraph 2(f) of the Restricted Stock Unit Agreement:

Settlement of the Restricted Stock Units is conditioned on the Company's completion of a registration of the Plan with SAFE and on the continued effectiveness of such registration (the "SAFE Registration

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Requirement"). If the Company is unable to complete the registration or maintain the registration, no shares of Stock subject to the Restricted Stock Units shall be issued.

Furthermore, notwithstanding anything in the Restricted Stock Unit Agreement, if Participant's employment or service relationship with the Company Group is terminated at a time when the SAFE Registration Requirement is not met, all Restricted Stock Units shall be forfeited.

Mandatory Sale of Shares Upon Termination of Service. To ensure compliance with exchange control laws in China, Participant agrees that any Stock issued upon settlement of the RSUs and held by Participant at the time of his or her termination of service must be sold immediately upon such termination of service. Any Stock that is not sold by Participant will be sold on his or her behalf as soon as practicable after Participant's termination of service and in no event more than six months after his or her termination of service, pursuant to this authorization (i) to the Company to instruct its designated broker to sell such Stock and (ii) to the designated broker to assist with the sale of such Stock. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Stock at any particular price. Upon the sale of the Stock, the Company agrees to pay Participant the cash proceeds from the sale of the Stock, less any brokerage fees or commissions and subject to any obligation on the Company or the Employer to satisfy any Tax-Related Items.

Broker Account. Any Stock issued to Participant upon settlement of the RSUs must be maintained in an account with Merrill Lynch or such other broker as may be designated by the Company until the Stock is sold through that broker.

Repatriation. Pursuant to exchange control laws in China, when the Stock acquired at settlement of the RSUs are sold, whether immediately or thereafter, including on Participant's behalf after termination of his or her service, Participant will be required to immediately repatriate the cash proceeds from the sale of the Stock and any cash dividends paid on such Stock to China. Participant further understands that, under local law, such repatriation of his or her cash proceeds will need to be effectuated through a special exchange control account established in China by the Company or any Subsidiary or the Employer, and Participant hereby consents and agrees that any proceeds from the sale of Stock will be transferred to such special account prior to being delivered to Participant. Unless the Company in its sole discretion decides otherwise, the proceeds will be paid to Participant in local currency. The Company is under no obligation to secure any exchange conversion rate, and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions in China. Participant agrees to bear any currency fluctuation risk between the time the Stock is sold and the time the sale proceeds are distributed through such special exchange control account.

Other. Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China and to sign any agreements, forms and/or consents that may be reasonably requested by the Company or its designated broker to effectuate any of the remittances, transfers, conversions or other processes affecting the proceeds.

Notifications

Foreign Asset and Account Reporting. Participant may be required to report to SAFE all details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents. Participant should consult with his or her personal advisor in order to ensure compliance with applicable reporting requirements.

Exhibit 10.11

EXECUTION VERSION

INVESTMENT AGREEMENT

DATED AS OF SEPTEMBER 1, 2016

AMONG

YUM! BRANDS, INC.,

YUM CHINA HOLDINGS, INC.

AND

POLLOS INVESTMENT L.P.

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EXHIBITS

ANNEXES

SCHEDULES

INVESTMENT AGREEMENT

INVESTMENT AGREEMENT, dated as of September 1, 2016 (this "Agreement"), among Yum! Brands, Inc., a North Carolina corporation ("Parent"); Yum China Holdings, Inc., a Delaware corporation and, as of the date hereof (prior to, and without giving effect to, the Investment (as defined below) contemplated hereby and the Distribution (as defined below)), a wholly owned subsidiary of Parent (the "Company"); and Pollos Investment L.P., a Cayman Islands limited partnership (the "Investor" and, collectively with Parent and the Company, the "Parties").

W I T N E S S E T H

WHEREAS, Parent and its Affiliates have completed the internal restructuring, contribution, assignment and assumption transactions in all material respects as described by the Plan of Reorganization attached hereto as Exhibit I (the "Plan of Reorganization"), such that the Company now wholly-owns, directly or indirectly, in its entirety, the China Division (as defined below);

WHEREAS, on the terms and subject to the conditions set forth in this Agreement, Parent and the Company desire to issue and sell to the Investor, and the Investor desires to purchase from the Company, newly-issued shares of the Company's common stock, par value $0.01 per share (the "Company Common Stock"), on the terms and subject to the conditions set forth in this Agreement (the "Investment");

WHEREAS, in connection with the Investment, the Company will issue to the Investor certain Warrants (as defined below), on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, Parent intends to distribute, immediately prior to the Investment, all of the shares of Company Common Stock then-owned by Parent to the holders of Parent Common Stock in a transaction (the "Distribution" and together with the Investment, the "Transactions"), pursuant to a Separation and Distribution Agreement to be entered into among Parent, the Company and Yum Restaurants Consulting (Shanghai) Company Limited (the "Separation and Distribution Agreement"), in substantially the form attached hereto as Exhibit A;

WHEREAS, the Distribution is intended to qualify as tax-free under Section 355 and Section 361 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, concurrently with the execution and delivery of this Agreement Primavera Capital Fund II L.P. (the "Fund") has executed and delivered an equity commitment letter (the "ECL");

WHEREAS, concurrently with the execution and delivery of this Agreement, API (Hong Kong) Investment Limited ("AF") is entering into an investment agreement relating to the issuance and sale by the Company to AF of certain Company Common Stock and Warrants on the terms and subject to the conditions set forth therein (the "AF Investment Agreement"); and

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WHEREAS, Parent, the Company and the Investor each desires to make certain representations, warranties, covenants and agreements in connection with the Transactions and to prescribe the various conditions to the Transactions.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used in this Agreement have the meanings set forth in this Agreement or, when so indicated, in the applicable Transaction Agreement. As used in this Agreement:

"Action" has the meaning set forth in Section 3.1(c)(i).

"Adjusted VWAP Price Per Share" means the price per share of Company Common Stock, expressed in U.S. Dollars, obtained by multiplying (i) the volume weighted average price of a share of Company Common Stock listed on the New York Stock Exchange during the Measurement Period by (ii) 0.92; provided, that if the foregoing product is greater than the Upper Benchmark, the Adjusted VWAP Price Per Share shall be equal to the Upper Benchmark, and if the foregoing product is less than the Lower Benchmark, the Adjusted VWAP Price Per Share shall be equal to the Lower Benchmark.

"AF" has the meaning set forth in the Recitals.

"AF Investment Agreement" has the meaning set forth in the Recitals.

"AF Investor Shares" has the meaning ascribed to "Investor Shares" in the AF Investment Agreement.

"AF Warrant 1 Shares" has the meaning ascribed to "Warrant 1 Shares" in the AF Investment Agreement.

"Affiliate" means (except as specifically otherwise defined), when used with respect to a specified Person, a Person that, directly or indirectly, through one (1) or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; provided that from and after the Closing, (x) neither the Company nor any of its Subsidiaries shall be considered an Affiliate of Parent or any of its Subsidiaries or of any Affiliate of Parent or its Subsidiaries; and (y) neither Parent nor any of its Subsidiaries shall be considered an Affiliate of the Company or any of its Subsidiaries or of any Affiliate of the Company or its Subsidiaries. For purposes of this definition, "control" (including with its correlative meanings "controlled by" and "under common control with"), when used with respect to any specified Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of

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such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise.

"Agreement" has the meaning set forth in the Preamble.

"Applicable Law" means any applicable national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Entity.

"Balance Sheet Date" means May 31, 2016.

"Beneficially Own" has the meaning set forth in the Shareholders Agreement.

"Benefit Plans" means each material benefit plan, contract, program, policy, arrangement or agreement, whether written or unwritten and whether insured or self-insured, maintained, sponsored or contributed to by the Company or any of its Subsidiaries or to which the Company or any

of its Subsidiaries has any liability or makes or is required to make contributions with respect to the employees, officers, directors or independent contractors of the Company or any of its Subsidiaries, including any retirees, former employees, officers, directors or independent contractors of the Company or any of its Subsidiaries (collectively, the "Employees") each employment, health, welfare, housing funds, incentive, incentive compensation, deferred compensation, share purchase, share compensation, share appreciation, insurance arrangement, material perquisite, phantom stock, disability, severance, vacation, termination, savings, profit sharing, pension, superannuation funds retirement benefit, pension scheme, retirement, supplement retirement, retention and fringe benefit plan, program, contract, program, policy, arrangement or agreement.

"Board of Directors" means the board of directors or similar governing body of any specified Person.

"Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions are generally authorized or required by law to close in any of the cities of New York, New York, Dallas, Texas, Hong Kong, Singapore or Shanghai, China.

"China" means the People's Republic of China, but solely for the purposes of this Agreement and other Transaction Agreements, excluding Hong Kong, Macau and Taiwan.

"China Business" means, collectively, (a) the business, operations and activities of or relating to the China Division conducted at any time prior to the Effective Time by the Parent or the Company or any of their current or former Subsidiaries, and (b) any terminated, divested or discontinued businesses, operations and activities that, at the time

of termination, divestiture or discontinuation, primarily related to the business, operations or activities described in clause (a) as then conducted, including those set forth on Schedule 1.1 of the Separation and Distribution Agreement.

"China Division" means Parent's (and its Subsidiaries') businesses and operations in China prior to the Effective Time.

"Closing" has the meaning set forth in Section 2.3.

"Closing Date" has the meaning set forth in Section 2.3.

"Closing Price Per Share" means the price per share of Company Common Stock, expressed in U.S. Dollars, obtained by dividing (i) the Investor Purchase Price by (ii) the Number of Closing Shares.

"Code" has the meaning set forth in the Recitals.

"Company" has the meaning set forth in the Preamble.

"Company and Parent Fundamental Representations" means the representations and warranties of Parent and/or the Company, contained in Section 3.2(a)(i) (*Organization; Authority; Subsidiaries*), Section 3.2(b) (*Certificate of Incorporation and Bylaws*), Section 3.2(c)(i)-(v) (*Capital Structure*), Section 3.2(e) (*No Conflicts*) and Section 3.2(h) (*Brokers or Finders*).

"Company Common Stock" has the meaning set forth in the Recitals.

"Company Equity Plan" means any Benefit Plan that provides for the issuance or grant of (i) Company Common Stock as compensation for services, and/or (ii) compensatory awards that provide for the delivery of, relate to, are based on, and/or are valued by reference to, Company Common Stock, including in the form of stock options, stock appreciation rights, restricted stock units, or phantom units.

"Company Financial Statements" has the meaning set forth in Section 3.2(f)(ii).

"Company Lease" has the meaning set forth in Section 3.2(o)(ii).

"Company Permits" has the meaning set forth in Section 3.2(j)(ii).

"Company Voting Debt" has the meaning set forth in Section 3.2(c)(iii).

"Competing Business" has the meaning set forth in Schedule 1.1 attached hereto.

"Computer Software" means any and all (i) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow charts and other work products used to

design, plan, organize and/or develop any of the foregoing, (iv) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (v) documentation, including user manuals and other training documentation, relating to any of the foregoing; in each case, regardless of whether contained on computers owned by the Company and/or any of its Subsidiaries or stored in the cloud.

"Confidentiality Agreement" has the meaning set forth in Section 5.8.

"Contract" means any loan or credit agreement, note, instrument, mortgage, bond, indenture real estate or other lease or sublease, benefit plan, license, sublicense, memorandum of understanding, sales order, purchase order, open bid or other contract, agreement or obligation, in each case, including all amendments, modifications and supplements thereto and waivers and consents thereunder, whether written or oral.

"Designated Tax" means (i) any Tax assessed against or imposed on Parent, the Company or any of their respective Affiliates under the China Enterprise Income Tax Law, as amended, or (ii) any Tax assessed against or imposed on Parent, the Company or any of their respective Affiliates under the Chinese State Administration of Taxation Bulletin 7, in each case of (i) and (ii) solely to the extent (A) resulting from a change in Applicable Law after the date hereof or (B) arising out of the Distribution or a transaction described in the Plan of Reorganization.

"Distribution" has the meaning set forth in the Recitals.

"ECL" has the meaning set forth in the Recitals.

"Effective Time" means the time at which the Distribution occurs, as such time is determined by Parent's Board of Directors in its sole discretion.

"Employee Matters Agreement" means the Employee Matters Agreement, between Parent and the Company, substantially in the form attached hereto as Exhibit B.

"Employees" has the meaning set forth in Section 1.1.

"Encumbrance" means any claim, lien (statutory or otherwise), charge, encumbrance, mortgage, pledge, hypothecation, security interest, deed of trust, option, covenant, lease or sublease, building or use restriction, easement, encroachment, conditional sales agreement or other encumbrance or contractual restriction (including any right of first refusal or first offer, call right, put right, tag along right, drag along right) of any kind or nature, preemptive right, title defect or other adverse claim of any third party, whether voluntarily or involuntarily incurred, arising by operation of Applicable Law, by contract or otherwise, and including any agreement (whether written or otherwise) to give any of the foregoing in the future.

"Engages" or "Engaged" has the meaning set forth in Schedule 1.1.

"Environmental Laws" has the meaning set forth in Section 3.2(p).

"Environmental Permits" has the meaning set forth in Section 3.2(p).

"Equity Financing" has the meaning set forth in Section 3.1(e).

"Equity Securities" has the meaning set forth in the Shareholders Agreement.

"Exchange Act" has the meaning set forth in Section 3.1(b)(ii).

"Expiration Period" has the meaning set forth in Section 8.1.

"Form 10" means the registration statement filed with the SEC on Form 10 by the Company with respect to the shares of Company Common Stock to be distributed in the Distribution, as may be amended from time to time.

"Fund" has the meaning set forth in the Recitals.

"GAAP" means United States generally accepted accounting principles, consistently applied.

"Government Official" has the meaning set forth in Section 3.2(n).

"Governmental Entity" has the meaning set forth in Section 3.1(b)(i).

"Increase Amount" has the meaning set forth in Section 2.4(b).

"Indemnified Persons" has the meaning set forth in Section 8.2(a).

"Injunction" has the meaning set forth in Section 6.1(a).

"Intellectual Property" means all worldwide intellectual property and proprietary rights and applications therefor, including (i) trademarks, service marks, trade dress, logos, trade names, service names, corporate names, domain names, brand, social and mobile media identifiers and other source indicators, including the associated goodwill (collectively, "Trademarks"), (ii) copyrights, patents, proprietary designs, Computer Software, databases, methods, processes, trade secrets (including recipes and formulae), know-how, inventions, confidential information and similar rights.

"Investment" has the meaning set forth in the Recitals.

"Investment Agreements" has the meaning set forth in Section 3.1(a).

"Investor" has the meaning set forth in the Preamble.

"Investor Affiliated Director" means each Investor Designee and any other person that is a managing director, officer, advisor or employee of Primavera Capital GP II Ltd. and/or its Affiliates that is then serving on the Board of Directors of the Company.

"Investor Designee" has the meaning set forth in the Shareholders Agreement.

"Investor Purchase Price" has the meaning set forth in Section 2.1(a).

"Investor Shares" has the meaning set forth in Section 2.1(a).

"Investor Tax Affiliate" means any entity or individual (i) whose ownership of stock would be attributable to or aggregated with the Investor under Section 355(e)(4)(C) of the Code, (ii) who is a member of any "coordinating group" (within the meaning of Treasury Regulation Section 1.355-7(h)(4)) that includes the Investor, or (iii) who is acting pursuant to a "plan or arrangement" (within the meaning of Section 355(d)(7)(B) of the Code) with the Investor.

"Knowledge" means, (i) with respect to the Company, the actual knowledge of any of the persons set forth in Section 1.1 of the Disclosure Schedule, and (ii) with respect to the Investor, the actual knowledge of any of the persons set forth in Section 1.1 of the Investor Disclosure Schedule, as applicable.

"Leased Real Property" means all real property which is leased, subleased, licensed, or otherwise occupied by the Company or any of its Subsidiaries, as a lessee or sublessee.

"Losses" shall mean all actions, causes of actions, suits, claims, losses (including any diminution in value in the Investor Shares, the Warrants and/or the Warrant Shares) costs, charges, expenses (including reasonable attorneys' fees and disbursements), liabilities, settlement payments, awards, judgments, fines, penalties or damages.

"Lower Benchmark" means a price per share of Company Common Stock, expressed in U.S. Dollars, equal to the quotient obtained by dividing (x) (A) the product obtained by multiplying US$8,500,000,000 by 0.92 minus (B) US$460,000,000 by (y) the Number of Status Quo Shares.

"Master License Agreement" means the Master License Agreement between Yum! Restaurants Asia Pte. Ltd. and Yum Restaurants Consulting (Shanghai) Company Ltd., in the form attached hereto as Exhibit D.

"Material Adverse Effect" means any event, effect, change, circumstance or development that, individually or in the aggregate with other such events, effects, changes, circumstances or developments, has a material adverse effect on, (i) with respect to the Investor, on the one hand, or Parent or the Company, on the other hand, the ability of the Investor, or of Parent or the Company, as applicable, to consummate, the Investment or any of the transactions contemplated by this Agreement or (ii) with respect to the Company, the business, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole, including prior to the Distribution, the businesses and operations engaged in by Parent and its Subsidiaries that constitute the China Division taken as a whole, other than, in the case of this clause (ii), any event, effect, change, circumstance or development (A) relating in general to changes after the date hereof affecting general economic or political conditions in China, (B) changes after the date hereof generally affecting any of the markets, businesses, or industries in China, (C) relating to any action of Parent or the Company or any Subsidiary of either of them, in

each case, taken after the date hereof and as required by this Agreement or taken with the express prior written consent of the Investor, (D) relating to the commencement, occurrence or continuation of any war, armed hostilities or acts of terrorism involving or affecting the United States of America, China or any other jurisdiction in which the Company or any of its Subsidiaries operates, (E) relating to financial, banking, or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (F) resulting from any failure by the Company to meet any internal or public projection, budget, estimate, forecast, estimate or expectation in respect of the Company's revenues, earnings or other financial or operating performance metrics for any period (but not the underlying causes of such failure), (G) resulting from the potential imposition (but not, for the avoidance of doubt, the actual imposition) of any Designated Tax, (H) due to changes, after the date hereof, in GAAP or the accounting rules and regulations of the SEC (I) after the date hereof relating to changes in Applicable Laws, including as to Taxes or (J) resulting from the announcement of the execution of this Agreement or any matter expressly set forth in the Transaction Agreements (but not including any changes to the extent resulting from any delay of the Distribution); provided, that events, effects, changes, circumstances or developments set forth in the foregoing clauses (excluding clauses (C), (F) and (J)) shall be taken into account in determining whether a "Material Adverse Effect" has occurred or would reasonably be expected to occur if and to the extent any such events, effects, changes, circumstances, or developments, individually or in the aggregate, have a materially disproportionate impact on the Company and its Subsidiaries (or, as may be applicable, the businesses and operations engaged in by Parent and its Subsidiaries that constitute the China Division), taken as a whole, relative to the other participants in the industry or in China.

"Material Contracts" means each Contract to which the Company or any of its Subsidiaries is a party, which (i) is or would be required to be filed by the Company as a "material contract" pursuant to Item 601(b)(4) or Item 601(b)(10) of Regulation S-K under the Securities Act, (ii) limits or purports to limit the ability of the Company or any of its Subsidiaries to pay dividends, (iii) relates to or evidences third-party indebtedness for borrowed money of the Company or any of its Subsidiaries in an aggregate principal amount in excess of $100 million, (iv) is a limited liability company agreement, partnership agreement, joint venture agreement or other similar agreement relating to any partnership or joint venture that is material to the Company's business, other than any such limited liability company agreement, partnership agreement, joint venture agreement or other similar agreement with respect to a wholly-owned Subsidiary of the Company, (v) limits in any material respect the right of the Company or its Subsidiaries to engage or compete in any line of business that is material to the Company and its Subsidiaries as a whole, (vi) contains "most favored nation" pricing provisions, that would reasonably be expected to be material to the Company or its Subsidiaries, (vii) grants any exclusive rights, rights of first refusal, rights of first negotiation or similar rights to any Person, in each case in any respect material to the business of the Company and its Subsidiaries, taken as a whole, (viii) provides for the acquisition or disposition (pending as of the date hereof), directly or indirectly (by merger or otherwise), of assets or capital stock or other equity interests of another Person for aggregate consideration under such Contract in excess of $200 million, (ix) is an acquisition or disposition Contract pursuant to which the Company or its Subsidiaries has continuing

indemnification, "earn-out" or other contingent payment obligations, in each case, that could reasonably be expected to result in payments by the Company in excess of $100 million, (x) calls for or could reasonably expected to require aggregate payments by the Company or its Subsidiaries in excess of $50 million over the remaining term of such Contract, or in excess of $50 million in any twelve month period or (xi) is a Contract between or among the Company or its Subsidiaries, on the one hand, and Parent, on the other hand, that is material to the business of the Company as a whole; provided that none of the Transaction Agreements or Investment Agreements shall constitute a Material Contract.

"Measurement Period" means the period of time consisting of each trading day for shares of Company Common Stock on the New York Stock Exchange occurring over the period of time beginning on the thirty-first (31st) calendar day following the Effective Time and ending on the sixtieth (60th) calendar day following the Effective Time.

"Name License Agreement" means the Name License Agreement, between Parent and the Company, substantially in the form attached hereto as Exhibit E.

"Non-Liable Persons" has the meaning set forth in Section 9.16.

"Number of Closing Shares" means the number of shares of Company Common Stock to be issued to the Investor at the Closing pursuant to Section 2.1(a), which number shall be equal to the product obtained by multiplying (x) the quotient obtained by dividing (A) the product obtained by multiplying the Number of Status Quo Shares by 5.0% by (B) 0.95 by (y) the fraction obtained by dividing 410,000,000 by 460,000,000.

"Number of Status Quo Shares" means the number of shares of Company Common Stock issued and outstanding as of the Effective Time (disregarding, for the avoidance of doubt, the shares of Company Common Stock to be issued to the Investor hereunder and to AF under the AF Investment Agreement).

"Parent" has the meaning set forth in the Preamble.

"Parent Common Stock" has the meaning set forth in Section 3.1(i).

"Parties" has the meaning set forth in the Preamble.

"Permitted Property Encumbrances" has the meaning set forth in Section 3.2(o)(i).

"Person" means an individual, corporation, limited liability company, partnership, association, joint venture, trust, unincorporated organization, other entity or group (as defined in the Exchange Act), including any Governmental Entity.

"Plan of Reorganization" has the meaning set forth in the Recitals.

"Reduction Amount" has the meaning set forth in Section 2.4(c).

"Related Party Agreement" means (i) any Contract between, on the one hand, the Parent and its Subsidiaries (other than the Company and its Subsidiaries) and, on the other hand, the Company and its Subsidiaries, entered into prior to the Closing; provided that the Transaction Agreements and the Investment Agreements, shall not be deemed "Related Party Agreements" and (ii) any Contract between, on the one hand, the Company or its Subsidiaries, and, on the other hand, any of their respective officers and directors or Affiliates of their respective officers and directors; provided that any Contract that is a Benefit Plan shall not be deemed to be a "Related Party Agreement".

"Restaurant" means any retail restaurant facilities primarily identified by any of the following brand names: (i) (a) "KFC" (or "Kentucky Fried Chicken"), (b) "Pizza Hut" (including Pizza Hut Dine-In and Pizza Hut Home Service), and (c) "Taco Bell" (in each case, including the Mandarin language equivalents and derivatives thereof) and/or (ii) which use any Intellectual Property of the Parent and its Subsidiaries used in connection with the conduct of the business of the Parent and its Subsidiaries as of the date of this Agreement, and that conducts the offer and sale of authorized products and services through dine-in, carry-out, catering, delivery, kiosk, on-line methods of distribution, centralized kitchens/commissaries, and such other methods of distribution as the Parties may mutually agree, including the offer of premiums, and all other related promotional activities (but does not include the sale of any products for resale).

"SEC" means the United States Securities and Exchange Commission.

"SEC Reports" has the meaning set forth in Section 3.1(j)(ii).

"Securities Act" has the meaning set forth in Section 3.1(b)(ii).

"Separation and Distribution Agreement" has the meaning set forth in the Recitals.

"Share Award" means any issuance or grant under any Company Equity Plan.

"Shareholders Agreement" has the meaning set forth in Section 5.3(a).

"Subsidiary" means, when used with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (i) Beneficially Owns, either directly or indirectly, more than fifty percent (50%) of (A) the total combined voting power of all classes of voting securities, (B) the total combined equity interests, or (C) the capital or profit interests, in the case of a partnership, or (ii) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the Board of Directors of such Person. Unless the context otherwise requires, a reference to a "Subsidiary" of the Company shall be a reference to any Person included in the SpinCo Group (as such term is defined in the Form of Separation and Distribution Agreement attached hereto as Exhibit A), other than the Company.

"Tax" (and, with correlative meaning, "Taxes" and "Taxable") means any U.S. federal, state, local or foreign tax (including any fee, assessment or other charge in the nature of or in lieu of any tax), including without limitation income, gross income, gross

receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, ad valorem, escheat, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, value added, custom, withholding, alternative minimum, estimated or other similar tax (including any fee, assessment or other charge in the nature of or in lieu of any tax) imposed by any Governmental Entity and any interest, penalties, additions to tax or additional amounts in respect of the foregoing.

"Tax Matters Agreement" means the Tax Matters Agreement among Parent, the Company and Yum Restaurants Consulting (Shanghai) Company Limited, in the form attached hereto as Exhibit C.

"Tax Return" has the meaning set forth in the Tax Matters Agreement.

"Transaction Agreements" means, collectively, the Separation and Distribution Agreement, the Employee Matters Agreement, the Tax Matters Agreement, the Master License Agreement, the Name License Agreement, the Transition Services Agreement, and the other agreements, if any (excluding the Investment Agreements), entered into or to be entered into in connection with the Distribution.

"Transactions" has the meaning set forth in the Recitals.

"Transition Services Agreement" has the meaning set forth in Section 5.6.

"Upper Benchmark" means a price per share of Company Common Stock, expressed in U.S. Dollars, equal to the quotient obtained by dividing (x) (A) the product obtained by multiplying US$11,500,000,000 by 0.92 minus (B) US$460,000,000 by (y) the Number of Status Quo Shares.

"Warrant 1" has the meaning set forth in Section 2.4(d).

"Warrant 2" has the meaning set forth in Section 2.4(d).

"Warrants" has the meaning set forth in Section 2.4(d).

"Warrant 1 Shares" has the meaning set forth in Section 2.4(d).

"Warrant 2 Shares" has the meaning set forth in Section 2.4(d).

"Warrant Shares" has the meaning set forth in Section 2.4(d).

ARTICLE II

INVESTMENT

Section 2.1 Investment.

(a) Upon the terms and subject to the conditions of this Agreement, at the Closing, the Company shall issue and sell to the Investor and the Investor shall purchase and subscribe from the Company a number of newly-issued shares of Company Common Stock equal to the Number of Closing Shares (as may be adjusted pursuant to Section 2.4, the "Investor Shares"), representing approximately 4.4565% of the issued and outstanding shares of Company Common Stock as of the Closing after giving effect to such issuance and sale and the issuance and sale of the shares of Company Common Stock pursuant to the AF Investment Agreement. The Investor Shares shall, immediately upon issuance, be subject to the transfer restrictions and other terms and conditions set forth herein and in the Shareholders Agreement and otherwise free of Encumbrances, except as imposed by applicable securities laws. In consideration for the issuance and sale of the Investor Shares and the subsequent issuance of the Warrants, and upon the terms and subject to the conditions of this Agreement, at the Closing, subject to completion of the matters referred to in Section 2.2(a), the Investor shall pay, or cause to be paid, to the Company, an amount equal to US$410,000,000 (the "Investor Purchase Price") in accordance with Section 2.2(b)(ii).

(b) Upon the terms and subject to the conditions set forth in this Agreement, the Company shall issue to the Investor the Warrants (as defined below) in accordance with, and at the time specified in, Section 2.4(d) hereof.

Section 2.2 Closing Deliverables. At the Closing, upon the terms and subject to the conditions of this Agreement:

(a) Parent and the Company shall deliver or cause to be delivered to the Investor:

(i) a counterpart to the Shareholders Agreement duly executed by the Company;

(ii) a certificate or certificates or appropriate evidence of a book entry transfer representing the Investor Shares duly registered in the name of the Investor;

(iii) the executed officer's certificate required pursuant to Section 6.2(d); and

(iv) if the Investor has executed an acknowledgement reasonably acceptable to Parent that stipulates customary non-reliance and non-disclosure covenants with respect to the opinion, a true and complete copy of the opinion of Mayer Brown LLP delivered to Parent concluding that the Distribution "will" qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 361 of the Code (other than with respect to cash received in lieu of fractional shares), which opinion shall not have been amended, replaced or revoked after the date of such opinion.

(b) The Investor shall deliver or cause to be delivered to the Company:

(i) a counterpart to the Shareholders Agreement duly executed by the Investor;

(ii) the executed officer's certificate required pursuant to Section 6.3(c); and

(iii) the Investor Purchase Price by wire transfer of immediately available funds to an account designated by the Company (which account shall be designated by written notice from the Company to the Investor at least three (3) Business Days prior to the Closing Date).

Section 2.3 Closing. Subject to the terms and conditions of this Agreement, the closing of the purchase and sale of the Investor Shares as contemplated by this Agreement (the "Closing") shall take place immediately following the Effective Time (the date on which the Closing occurs, "Closing Date"), at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York, unless another time and place is agreed to in writing by the Parties. Parent and the Company shall notify the Investor in writing the anticipated Effective Time not less than ten (10) Business Days and not more than twenty (20) Business Days in advance of the Effective Time.

Section 2.4 Post-Closing Adjustment; Warrants Issuance.

(a) No later than two (2) Business Days following the expiration of the Measurement Period, the Parties shall in good faith determine the Adjusted VWAP Price Per Share.

(b) If the Adjusted VWAP Price Per Share exceeds the Closing Price Per Share (such excess, the "Increase Amount"), then within five (5) Business Days of the expiration of the Measurement Period, the Company shall (i) repurchase for par value per share a number of Investor Shares (rounded down to the nearest whole share) (which repurchased shares shall, for purposes of this Agreement, cease to be deemed Investor Shares), equal to the quotient obtained by dividing (w) the product obtained by multiplying (A) the Increase Amount and (B) the Number of Closing Shares by (x) the Adjusted VWAP Price Per Share. The Investor agrees to reasonably cooperate with the Company in connection with this Section 2.4(b), which cooperation shall include the prompt surrendering to the Company of the certificate(s), if any, evidencing the Investor Shares necessary to facilitate the issuance of one or more new certificates by the Company.

(c) If the Closing Price Per Share exceeds the Adjusted VWAP Price Per Share (such excess, the "Reduction Amount"), then within five (5) Business Days of the expiration of the Measurement Period, the Company shall (i) issue to the Investor for par value per share a number of newly issued shares of Company Common Stock (rounded down to the nearest whole share) (which newly issued shares shall, for purposes of this Agreement, also be deemed Investor Shares), equal to the quotient obtained by dividing (w) the product obtained by multiplying (A) the Reduction Amount by (B) the Number of Closing Shares by (x) the Adjusted VWAP Price Per Share, and (ii) deliver or cause to be delivered to the Investor a certificate or certificates or appropriate evidence of a book entry transfer representing such newly issued shares, duly registered in the name of the Investor.

(d) No later than ten (10) Business Days following the expiration of the Measurement Period, the Company shall issue to the Investor, for no additional consideration, (A) a warrant to purchase that certain number of newly issued shares of Company Common Stock (rounded up to the nearest whole share), subject to adjustment in accordance with its terms (the "Warrant 1 Shares") in the form attached hereto as Annex A-1 ("Warrant 1"), such that, after giving effect to the exercise by the Investor of the Warrant 1 and the receipt by the Investor of the Warrant 1 Shares, the Investor will own, relative to the shareholding percentage of the Investor immediately after the Closing (assuming, for purposes of calculating such shareholding percentage under this Section 2.4(d), that (x) the adjustments, if any, pursuant to Section 2.4(b) or Section 2.4(c) were completed at the Closing and (y) the AF Investor Shares (as may be adjusted) were issued at the Closing), an additional 1.7826087% of the number of issued and outstanding shares of Company Common Stock as of immediately after the Closing (assuming, for purposes of calculating such number of issued and outstanding shares of Company Common Stock under this Section 2.4(d), that (x) the adjustments, if any, pursuant to Section 2.4(b) or Section 2.4(c) were completed at the Closing and the Warrant 1 Shares were issued at the Closing and (y) the AF Investor Shares (as may be adjusted) and the AF Warrant 1 Shares were issued at the Closing) and (B) a warrant to purchase a number of newly issued shares of Company Common Stock equal to the number of Warrant 1 Shares as determined in the immediately preceding clause, subject to adjustment in accordance with its terms (the "Warrant 2 Shares," and together with the Warrant 1 Shares, the "Warrant Shares") in the form attached hereto as Annex A-2 ("Warrant 2," and together with Warrant 1, the "Warrants").

Section 2.5 Illustrative Calculations. Schedule 2.5 sets forth an illustrative example of the calculations of (a) the Number of Closing Shares under Section 2.1(a); (b) the Upper Benchmark and the Lower Benchmark (and the adjustments pursuant to Section 2.4(b) and 2.4(c)); and (c) the number of Warrant 1 Shares and the number of Warrant 2 Shares under Section 2.4(d).

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of Investor. The Investor hereby represents and warrants to Parent and the Company as of the date hereof and as of the Closing (unless any representations and warranties expressly relate to another date, in which case as of such other date) that:

(a) Organization; Authority. The Investor is a limited partnership duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, with all requisite power and authority to enter into this Agreement and the Shareholders Agreement (collectively, the "Investment Agreements") and to consummate the transactions contemplated thereby and otherwise to carry out its obligations hereunder or thereunder. The

execution and delivery of each of the Investment Agreements by the Investor and the consummation by the Investor of the transactions contemplated hereby or thereby have been duly authorized by all necessary internal action on the part of the Investor. This Agreement has been, and upon their execution the other Investment Agreements to which the Investor is a party shall have been, duly executed by the Investor and, when delivered by the Investor in

accordance with the terms hereof and thereof, and assuming the due authorization and valid execution and delivery of this Agreement or the other Investment Agreements by the other parties hereto and thereto, as applicable, this Agreement constitutes, and upon their execution and delivery the other Investment Agreements to which the Investor is a party will constitute, legal, valid and binding obligations of the Investor, enforceable against it in accordance with its terms, except as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally.

(b) No Conflicts.

(i) The execution, delivery and performance by the Investor of this Agreement and the other Investment Agreements to which the Investor is a party do not and will not, and the consummation of the Investment and the transactions contemplated hereby and thereby will not (A) conflict with or violate any provision of the Investor's organizational documents, (B) conflict with or result in any breach or violation of, or constitute a default (with or without notice or lapse of time, or both) under, or give rise to a right of or result by its terms in the creation of any Encumbrance upon any of the properties or assets of the Investor pursuant to, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any Contract to which the Investor or any of its Affiliates is a party or by which any property or asset of the Investor or any of its Affiliates is bound or affected, or (C) conflict with or result in a violation of any Applicable Law or other restriction of any supranational, national, federal, state, province, municipal, local or foreign government, any instrumentality, subdivision, court, agency, board, department, tribunal, commission or other authority thereof, any public international organization, any arbitral tribunal, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority (a "Governmental Entity") to which the Investor or any of its Affiliates is subject (including federal, state and foreign securities laws and regulations), or by which any property or asset of the Investor or any of its Affiliates is bound or affected; except in the case of each of clauses (B) and (C), such as has not had and would not reasonably be expected to have a material adverse effect on the legality, validity or enforceability of any Investment Agreement or a Material Adverse Effect on Investor.

(ii) No consent, waiver, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity or any other Person is required to be obtained or made by or with respect to the Investor or any of its Affiliates in connection with the execution and delivery of the Investment Agreements or the consummation by the Investor of the Investment and other transactions contemplated thereby, except for those required under or in relation to (A) state securities or "blue sky" laws or regulations, (B) the Securities Act of 1933, as amended (the "Securities Act"), (C) the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and (D) the rules and regulations of the New York Stock Exchange.

(c) Litigation; Compliance with Laws.

(i) There is no litigation, suit, claim, charge, action, arbitration, demand letter, or any judicial, criminal, administrative or regulatory proceeding, hearing,

investigation, or formal or informal regulatory document production request, regulatory or accrediting agency investigation or other proceeding (an "Action") pending or, to the Knowledge of the Investor, threatened against the Investor or any share, security, equity interest, property or asset of Investor or any Affiliate of the Investor which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on the Investor, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against the Investor or any Affiliate of Investor which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on Investor.

(ii) Neither the Investor nor any of its Affiliates is in violation of, and neither the Investor nor any of its Affiliates has received any written notices of violations with respect to, any Applicable Law, except for violations which, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect on the Investor.

(d) Other Investments.

(i) Neither the Investor nor any of its Affiliates Engages in a Competing Business.

(ii) Except for the Investment or as set forth on Schedule 3.1(d)(ii) attached hereto, neither the Investor nor any of its Affiliates Beneficially Owns any Equity Securities or otherwise holds any investment in any Person that Engages in the operation and/or management of, one or more Restaurants.

(e) Equity Commitment Letter; Sufficient Funds. As of the date of this Agreement, the Investor has received a true and correct copy of the executed ECL from the Fund to provide equity financing in an aggregate amount equal to $410,000,000 (the "Equity Financing") solely for the purpose of allowing the Investor to pay the Investor Purchase Price at the Closing, subject to the terms and conditions set forth in the ECL. There are no conditions to Investor's receipt of the Equity Financing other than those expressly set forth in the ECL. As of the date hereof, (i) the ECL is in full force and effect, has not been amended or modified and does not contain any material misrepresentation by Investor and (ii) no event has occurred which (with or without notice, lapse of time or both) would reasonably be expected to constitute a material breach thereunder on the part of Investor. As of the date hereof, no amendment or modification to the ECL is contemplated. The equity financing contemplated by the ECL will be sufficient for Investor to pay the Investor Purchase Price at Closing. As of the date hereof, there are no side letters or other agreements, contracts, arrangements or understandings to which Investor is a party related to the funding or investing, as applicable, of the Equity Financing, other than as expressly set forth in the ECL. As of the date hereof, Investor has no reason to believe that, any of the conditions to the Equity Financing set forth in the ECL would not reasonably be expected to be satisfied or that the Equity Financing would not reasonably be expected to be available to Investor on the Closing Date for purposes of paying the Investor Purchase Price at the Closing.

(f) Brokers or Finders. No agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any broker's or finder's fee or any other similar commission or fee in connection with any of the transactions contemplated by the Investment Agreements based upon arrangements made by or on behalf of the Investor or any of its Affiliates, other than such Person, if any, whose fees and expenses shall be paid solely by the Investor (or its Affiliates but not, for the avoidance of doubt, the Parent, Company or any of its Subsidiaries from and after the Closing).

(g) Acquisition for Investment. The Investor is acquiring the Investor Shares and the Warrants for its own account for the purpose of investment and not with a view to or for sale in connection with any distribution thereof, and the Investor has no present intention or plan to effect any distribution of shares of Company Common Stock.

(h) No Investment Company. The Investor is not, and after giving effect to the Investment will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(i) Ownership of Stock. Neither Investor nor any Investor Tax Affiliate owns any shares, or options to acquire shares, of Parent common stock, no par value per share ("Parent Common Stock"), or has any arrangement or agreement with the Company to acquire any shares, or options to acquire shares, of capital stock of the Company or any of its Subsidiaries (other than the Investor Shares and Warrants (and Warrant Shares)).

(j) Investor Status.

(i) At the time the Investor was offered the Investor Shares and issued the Warrants, it was, and as of the Closing Date it is, an "accredited investor" as defined in Regulation D, Rule 501(a), promulgated under the Securities Act.

(ii) The Investor has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Investor Shares and the Warrants, and has so evaluated the merits and risks of such investment. The Investor has had the opportunity to review the Form 10 and the other forms, reports and documents filed by Parent and its Subsidiaries with the SEC prior to the date hereof since January 1, 2013 (collectively, including all exhibits thereto, the "SEC Reports") and the Company Financial Statements and to ask questions of, and receive answers from, representatives of Parent and the Company concerning the Company and the Investor Shares and Warrants (and Warrant Shares). The Investor understands that its investment in the Investor Shares and the Warrants involves a significant degree of risk, including a risk of potential total loss of the Investor's investment. The Investor understands that all currently outstanding shares of Company Common Stock are currently owned by Parent and, therefore, Company Common Stock has no trading history and that no representation is being made as to the future value of Company Common Stock. The Investor is able to bear the economic risk of an investment in the Investor Shares and is able to afford a complete loss of such investment.

(k) Restricted Securities. The Investor understands that the Investor Shares and the Warrants (and the Warrant Shares) are being offered and sold to it in reliance upon

specific exemptions from the registration requirements of the Securities Act and state securities laws and that Parent and the Company are relying upon the truth and accuracy of, and the Investor's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Investor set forth herein to determine the availability of such exemptions and the eligibility of the Investor to acquire the Investor Shares and Warrants (and Warrant Shares). Without limiting the generality of the provisions of the Shareholders Agreement relating to Permitted Loans and the Issuer Agreements referenced therein, the Investor understands that, until such time as a registration statement under the Securities Act covering the Investor Shares and/or Warrant Shares and the Warrants, as applicable, has been declared effective by the SEC and the Investor Shares and/or Warrant Shares, as applicable, may be sold without any restriction as to the number of securities as of a particular date that can then be immediately sold, the certificates, to the extent the Investor Shares are in certificated form, evidencing the Investor Shares, and the certificates or other instruments representing the Warrants and the Warrant Shares will bear a restrictive legend (and, except with respect to beneficial interests in Investor Shares held through the facilities of The Depository Trust Company, appropriate comparable notations or other arrangements will be made with respect to any uncertificated Investor Shares) in substantially the following form:

> **"The securities evidenced by this certificate have been issued and sold without registration under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other foreign, federal, state, local or other jurisdiction (a "Foreign or State Act"). The securities evidenced by this certificate cannot be sold, assigned or otherwise transferred unless such sale, assignment or other transfer is (i) made pursuant to an effective registration statement under the Securities Act and in accordance with each applicable Foreign or State Act or (ii) exempt from, or not subject to, the Securities Act (including pursuant to Regulation S thereunder) and each applicable Foreign or State Act. If the proposed sale, assignment or other transfer will be made pursuant to clause (ii) above, the holder must, prior to such sale, assignment or other transfer, furnish to the issuer such certifications, legal opinions and other information as the issuer may reasonably require to determine that such sale, assignment or other transfer is being made in accordance with such clause."**

Without limiting the generality of the provisions of the Shareholders Agreement relating to Permitted Loans and the Issuer Agreements referenced therein, whenever the restrictions imposed by the legend set forth above shall terminate as to any Investor Shares or Warrant Shares, as herein provided, the Investor further understands that it shall, only upon furnishing the Company with an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Company, to the effect that the restrictions imposed by the legend set forth above have terminated as to such Investor Shares or Warrant Shares, be entitled to receive from the Company, without expense, a new certificate not bearing the restrictive legend set forth above and not containing any other reference to the restrictions imposed by such legend.

In addition, for so long as the Investor Shares and Warrant Shares are subject to transfer restrictions contained in the Shareholders Agreement, the certificates, to the extent the Investor Shares are in certificated form, representing the Investor Shares and Warrant Shares will also bear the following legend

(and, except with respect to beneficial interests in Investor Shares held through the facilities of The Depository Trust Company, appropriate comparable notations or other arrangements will be made with respect to any uncertificated Investor Shares):

"The securities evidenced by this certificate are subject to restrictions on transfer set forth in the Shareholders Agreement dated [·], 2016, among the Company and certain other parties thereto (a copy of which is on file with the Secretary of the Company)."

The Investor understands that no U.S. federal or state agency or any other Governmental Entity has passed upon or made any recommendation or endorsement of the Investor Shares or Warrant Shares or the fairness or suitability of the investment in the Investor Shares or Warrant Shares nor have such authorities passed upon or endorsed the merits of the offering of the Investor Shares.

(l) No Other Representations and Warranties. The representations and warranties set forth in this Section 3.1 are the only representations and warranties made by the Investor (or any of its respective Affiliates) with respect to the transactions contemplated by this Agreement. Except for the representations and warranties expressly set forth in Section 3.2 or in the Shareholders Agreement, the Investor hereby disclaims any and all reliance on any projections, forecasts, estimates, plans or prospects (including the reasonableness of the assumptions underlying such forecasts, estimates, projections, plans or prospects), management presentations, financial statements, internal ratings, financial information, appraisals, statements, promises, advice, data or information made, communicated or furnished (orally or in writing, including electronically), by or on behalf of Parent or the Company or any of their respective Affiliates, to the Investor or any of its Affiliates or representatives, including omissions therefrom.

Section 3.2 Representations and Warranties of Parent and the Company. Parent and the Company hereby jointly represent and warrant to the Investor as of the date hereof and as of the Closing (unless any representations and warranties expressly relate to another date, in which case as of such other date) that, except (i) as disclosed in the Form 10 made publicly available on the SEC's EDGAR system on or prior to the date of this Agreement (excluding any disclosures set forth in the Form 10 under the headings "*Risk Factors*" and "*Cautionary Statement Concerning Forward-Looking Statements*"), or (ii) as disclosed in the Disclosure Schedule (it being understood that the disclosure of any fact or item in any section of the Disclosure Schedule will, should the existence of such fact or item be relevant to any other section, be deemed to be disclosed with respect to that other section only to the extent that its relevance is reasonably apparent, provided that notwithstanding the foregoing, any disclosure intended to qualify the representation and warranty in Section 3.2(r)(i)(B) shall be specifically set forth in Section 3.2(r)(i)(B) of the Disclosure Schedule and shall not be implied from any other section of the Disclosure Schedule).

(a) Organization; Authority; Subsidiaries.

(i) Each of Parent and the Company are corporations duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation, with all requisite power and authority to enter into the Investment Agreements and to consummate the transactions contemplated hereby and otherwise to carry out their respective obligations hereunder. Prior to the Effective Time, each of Parent and the Company will have all requisite power and authority to enter into the Transaction Agreements and to consummate the transactions contemplated thereby and otherwise to carry out their respective obligations thereunder. The execution and delivery of each of the Investment Agreements by Parent and the Company and the consummation by Parent and the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Parent and the Company. The execution and delivery of each of the Transaction Agreements by Parent and the Company and the consummation by Parent and the Company of the transactions contemplated thereby will, prior to the Effective Time, have been duly authorized by all necessary corporate action on the part of Parent and the Company. This Agreement has been, and upon their execution each other Investment Agreement and Transaction Agreement to which Parent, the Company, or such Subsidiary is a party shall have been, duly executed by Parent, the Company or the applicable Subsidiary of Parent or the Company and, when delivered by Parent, the Company or such Subsidiary in accordance with the terms hereof or thereof, and assuming the due authorization and valid execution and delivery of this Agreement or the other Investment Agreements or Transaction Agreements by the other parties hereto and thereto, as applicable, will constitute legal, valid and binding obligations of Parent, the Company or such Subsidiary (as applicable), enforceable against it in accordance with its terms, except as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally.

(ii) Each of the Subsidiaries of the Company is, or as of the Closing will be, a corporation or other organization duly organized, validly existing and in good standing or active status (where applicable) under the laws of its jurisdiction of incorporation or organization, and the Company and each of its Subsidiaries has (or prior to the Closing will have) the requisite power and authority to own, lease and operate its properties and to carry on the business of the China Division as now being conducted and will be conducted through the Effective Time, except where the failure to be in good standing or to have such power and authority, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect.

(b) Certificate of Incorporation and Bylaws. The Company has heretofore furnished to the Investor a complete and correct copy of the certificate of incorporation and bylaws, each as amended or modified as of the date hereof, of the Company. Such certificate of incorporation and bylaws are in full force and effect. The Company is not in violation of any of the provisions of its certificate of incorporation and bylaws in any material respect.

(c) Capital Structure.

(i) As of the date of this Agreement, and without giving effect to, the Investment, the Company's authorized capital stock consists of 5,000 shares of Company Common Stock, of which 1,003 are issued and outstanding. All of the shares of Company Common Stock that are issued and outstanding are, as of the date hereof and at all time periods

prior to the Distribution will be, owned of record and beneficially by Parent or a wholly-owned Subsidiary of Parent free and clear of any Encumbrances, except as imposed by applicable securities laws. As of the date hereof and the Closing Date, other than up to 46,000,000 shares of Company Common Stock that are expected to be reserved for issuance pursuant to future awards under Company Equity Plans and the number of Investor Shares and AF Investor Shares that will be reserved for issuance, the Company has no shares of Company Common Stock reserved for issuance. There are no other shares of capital stock or other equity securities (including securities convertible, exercisable or exchangeable for capital stock) of the Company that are outstanding. All

issued and outstanding shares of Company Common Stock are duly authorized, validly issued, fully paid and nonassessable and the holders of shares of Company Common Stock are not entitled to preemptive rights.

(ii) Immediately upon the Closing, the Investor Shares will be (and the additional Investor Shares, if any, issued pursuant to Section 2.4 will be, when so issued) duly authorized, validly issued, fully paid and nonassessable, and will be owned of record and beneficially by the Investor, free and clear of any Encumbrances other than the transfer restrictions and other terms and conditions set forth herein and in the Shareholders Agreement.

(iii) No bonds, debentures, notes or other indebtedness of the Company having the right to vote (or convertible into or exchangeable for securities having the right to vote) on any matters on which shareholders of the Company may vote ("Company Voting Debt") are issued or outstanding.

(iv) The outstanding share capital or registered capital, as the case may be, of each Subsidiary of the Company is duly authorized, validly issued, fully paid and non-assessable, and all of the outstanding share capital or registered capital, as the case may be, of each such Subsidiary is owned, directly or indirectly, by the Company free and clear of any Encumbrances and free of any other material restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other equity interests, but excluding restrictions under the Securities Act or other Applicable Law relating to securities). The registered capital of each of the Subsidiaries of the Company incorporated in China has been fully contributed, as certified by accountants qualified in China, and any registered capital contributed in non-cash assets has been fully evaluated and verified by valuers qualified in China. Except as set forth in Section 3.2(c)(iv) of the Disclosure Schedule, none of the Company or any of its Subsidiaries directly or indirectly owns any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity or similar interest in, any corporation, partnership, joint venture or other business association or entity (other than Subsidiaries of the Company) that is or would reasonably be expected to be material to the Company and its Subsidiaries taken as a whole.

(v) Except as set forth in Section 3.2(c)(v), other than the Investor Shares and the Warrants (and the Warrant Shares), there are no securities, options, warrants, calls, share appreciation rights, performance units, restricted share units, contingent value rights, "phantom" share units or similar securities or rights that are derivative of, or provide economic benefits based, directly or indirectly, on the value or price of, any share capital or other equity interests in, the Company or any of its Subsidiaries, or any other commitments, agreements, arrangements or undertakings of any kind to which Parent, the Company or any of their

respective Subsidiaries is a party or by which any of them is bound obligating Parent, the Company or any of their respective Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock of the Company or any of its Subsidiaries, Company Voting Debt, Company Common Stock or other voting securities (including securities convertible, exercisable or exchangeable for capital stock) of the Company or any of its Subsidiaries or obligating the Company or any of its Subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, share appreciation right, performance unit, restricted share unit, contingent value right, "phantom" share unit or similar security or right derivative of, or providing economic benefits based, directly or indirectly, on the value or price of, any share capital or other equity interests in, the Company or any of its Subsidiaries, or any other commitment, agreement, arrangement or undertakings of any kind. There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock or equity interest (including any security convertible, exercisable or exchangeable for any equity interest) of the Company or any of its Subsidiaries or to provide funds to, or make investment (in the form of a loan, capital contribution or otherwise) in, the Company or any of its Subsidiaries or any other Person.

(vi) Other than the Investment Agreements, there are no shareholder agreements, voting trusts or other contracts to which the Company is a party or by which it is bound relating to the voting of any shares of capital stock of the Company.

(vii) Except as set forth on Section 3.2(c)(vii) of the Disclosure Schedule, there is no outstanding indebtedness for borrowed money of the Company or its Subsidiaries (other than indebtedness for borrowed money owing by the Company or a wholly owned Subsidiary of the Company to the Company or a wholly owned Subsidiary of the Company).

(d) The Warrants and Warrant Shares. Each Warrant, when issued in accordance with this Agreement, will have been duly authorized by the Company and will constitute a valid and legally binding obligation of the Company in accordance with its terms, in each case except as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and the Warrant Shares will have been duly authorized and reserved for issuance upon exercise of the applicable Warrant and when so issued will be validly issued, fully paid and non-assessable, and free and clear of any Encumbrances, other than liens or encumbrances created by this Agreement and the Shareholders Agreement, arising as a matter of applicable law or created by or at the direction of any Investor or any of its Affiliates.

(e) No Conflicts.

(i) The execution, delivery and performance by the Company of the Shareholders Agreement, and the execution delivery and performance by Parent and the Company of this Agreement do not, and the execution and delivery by Parent, the Company and their respective Subsidiaries, as applicable, of the Transaction Agreements with respect to which Parent, the Company or their respective Subsidiaries is contemplated thereby to be a party will not, and the consummation of the Investment and the transactions contemplated hereby and

thereby will not (A) conflict with or violate any provision of Parent's, the Company's or their respective Subsidiaries' articles or certificate of incorporation, bylaws or similar organizational documents or (B) conflict with or result in any breach or violation of, or constitute a default (with or without notice or lapse of time, or both) under, or give rise to a right of or result by its terms in the creation of any Encumbrance upon any of the properties or assets of Parent, the Company and their Subsidiaries pursuant to, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time, or both) of, any Contract to which Parent or the Company or any of their Subsidiaries is a party or by which any property or asset of Parent or the Company or any of their Subsidiaries is bound or affected in any material respect, or (C) conflict with or result in a violation of any Applicable Law or other restriction of any Governmental Entity to which Parent or the Company or any of their Subsidiaries is subject (including federal, state and foreign securities

laws and regulations), or by which any property or asset of Parent or the Company or any of their Subsidiaries is bound or affected in any material respect; except in the case of each of clauses (B) and (C), such as has not had and would not reasonably be expected to result in a material adverse effect on the legality, validity or enforceability of any Investment Agreement or a Material Adverse Effect on Parent or the Company.

(ii) No material consent, waiver, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity or any other Person is required to be obtained or made by or with respect to Parent, the Company or any of their Subsidiaries in connection with the execution and delivery of the Investment Agreements, Transaction Agreements, or the consummation of the Investment and the transactions contemplated hereby.

(f) Reports and Financial Statements.

(i) As of the date of this Agreement, neither the Company nor any of its Subsidiaries is required to file any form, report or other document with the SEC, except that the Form 10 must be filed with the SEC and become effective under the Exchange Act to effect the Distribution.

(ii) The combined balance sheets of the Company as of December 31, 2015 and 2014 and the related combined statements of income (loss), comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2015, as audited by the Company's independent public accountants, whose report thereon is included therewith, and (ii) the condensed combined balance sheet of the Company as of May 31, 2016 and the related condensed combined statements of income (loss), comprehensive income (loss), and cash flows for the year to date ended May 31, 2016 (such statements, together with the notes thereto, the "Company Financial Statements"), in each case of (i) and (ii), together with notes thereto and as included under the heading "Index to Financial Information" in the Form 10 made publicly available on the SEC's EDGAR system on August 31, 2016, were prepared in accordance with GAAP throughout the periods indicated and present fairly, in all material respects, the combined results of operations, financial position and cash flows of the Company, as applicable, taken as a whole, as of the respective dates or for the respective periods set forth therein, in each case in accordance with GAAP during the periods covered thereby (except as may be indicated in the notes to such financial statements and subject, in the case of

unaudited financial statements, to normal and recurring year-end adjustments that are not, individually or in the aggregate, material).

(iii) None of the Company or any of its Subsidiaries has any liabilities of any nature (whether accrued, absolute, determined, fixed, contingent or otherwise) which would be required to be reflected or reserved against on a consolidated balance sheet of the Company, prepared in accordance with GAAP, except liabilities (A) reflected or reserved against on the Company Financial Statements (including the notes thereto), (B) incurred pursuant to this Agreement or the Investment, (C) incurred since the Balance Sheet Date in the ordinary course of business and in a manner consistent with past practice, (D) incurred or to be incurred in connection with the Distribution and set forth on Section 3.2(f)(iii) to the Disclosure Schedule or (E) that would not and would not reasonably be expected to, have a Material Adverse Effect on the Company.

(g) Information Supplied.

(i) The Form 10 will not, at the time it becomes effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made.

(ii) Taking into account matters expressly set forth in the Company Financial Statements, and except for any forward-looking statements or other statements that are predictive in nature, to the Knowledge of the Company, the disclosures set forth in the Form 10 made publicly available on the SEC's EDGAR system on August 31, 2016 under the headings "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*" , do not contain any untrue statement of a material fact.

(iii) Notwithstanding the foregoing provision of this Section 3.2(g), no representation or warranty is made by Parent or the Company with respect to statements in the Form 10 based on information supplied (or to be supplied) by or on behalf of the Investor or AF for inclusion or incorporation by reference therein.

(h) Brokers or Finders. No agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any broker's or finder's fee or any other similar commission or fee in connection with any of the transactions contemplated by the Investment Agreements based upon arrangements made by or on behalf of Parent, the Company or any of their Subsidiaries, except PJT Partners, Inc. and Goldman, Sachs & Co., whose fees and expenses shall be paid by Parent notwithstanding anything herein to the contrary (including Section 9.12).

(i) Taxes.

(i) All Tax Returns required to be filed by each of the Company and its Subsidiaries have been timely filed, or requests for extensions to file such Tax Returns have been timely filed, granted and have not expired, and all such Tax Returns are complete and correct, except to the extent that such failures to file, to have extensions granted that remain in effect or for such Tax Returns to be complete or correct, individually or in the aggregate, would

not reasonably be expected to have a Material Adverse Effect on the Company. All material Taxes that are due with respect to the Company and its Subsidiaries have been paid or properly accrued in accordance with GAAP. Since the date of the most recent SEC Reports, no Tax liability with respect to the Company and its Subsidiaries has been incurred outside the ordinary course of business or otherwise inconsistent with past custom and practice.

(ii) No deficiencies for any Taxes have been proposed, asserted or assessed in writing in respect of or against the Company or any of its Subsidiaries that are not adequately reserved for in the financial statements of the Company included in the Company Financial Statements, except for deficiencies that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on the Company. No written claim

has been made to the Company or any of its Subsidiaries by a Governmental Entity in a jurisdiction where the Company or any of its Subsidiaries does not file an income or franchise Tax Return that any of the Company or its Subsidiaries is or may be subject to income or franchise Taxes in that jurisdiction.

(iii) None of Parent, the Company or any of their Subsidiaries has taken any action that could reasonably be expected to prevent the Distribution from qualifying as a distribution eligible for non-recognition under Sections 355(a) and 361(c) of the Code.

(iv) Other than the Distribution and the Regarded Internal Distributions (as defined in the Tax Matters Agreement), within the past five (5) years, none of the Company or its Subsidiaries has been either a "distributing corporation" or a "controlled corporation" in a distribution in which the parties to such distribution treated the distribution as one to which Section 355 of the Code is applicable.

(v) Except for the Transaction Agreements, none of the Company or any of its Subsidiaries is a party to any Tax sharing or Tax indemnity agreements (excluding any commercial agreements not primarily relating to Taxes).

(vi) None of the Company or any of its Subsidiaries has agreed to make, or is required to make, any material adjustment affecting any open taxable year or period under Section 481(a) of the Code or any similar provision of state, local or foreign law by reason of a change in accounting methods or otherwise.

(vii) Neither the Company nor any of its Subsidiaries has any material liability under Treasury Regulation Section 1.1502-6 (or any comparable or similar provision of federal, state, local or foreign Applicable Law), as a transferee or successor, or pursuant to any contractual obligation for any Taxes of any Person other than the Company or any of its Subsidiaries.

(viii) Neither the Company nor any of its Subsidiaries has engaged in one of the types of transactions the Internal Revenue Service has determined to be a tax avoidance transaction and identified by notice, regulation, or other form of published guidance as a "listed transaction," as set forth in Treasury Regulation Section 1.6011-4(b)(2).

(ix) No later than the Effective Time, Parent will have received the opinion of PricewaterhouseCoopers LLP (i) concluding that the Distribution "will" qualify as a

transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and Section 361 of the Code (other than with respect to cash in lieu of fractional shares) and (ii) concluding that the Regarded Internal Distributions (as defined in the Tax Matters Agreement) "should" or "will" qualify as tax-free for U.S. federal income tax purposes under Sections 355 and Section 361 of the Code (other than with respect to cash in lieu of fractional shares), which opinion shall not have been amended, replaced or revoked as of the Effective Time.

(j) Permits; Litigation; Compliance with Laws.

(i) There is no Action pending or, to the Knowledge of the Company, threatened against the Company and its Subsidiaries or any property or asset of the Company and its Subsidiaries which individually or in the aggregate, has (since December 31, 2015) had or would reasonably be expected to have a Material Adverse Effect on the Company, nor is there any material judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against the Company or any of its Subsidiaries, except as would not and would not reasonably be expected to materially and adversely affect Parent's or the Company's ability to consummate the Investment.

(ii) As of the date of this Agreement, the China Business does, and as of the Closing Date, the Company and its Subsidiaries (A) will hold all material permits, licenses, franchises, variances, exemptions, orders and approvals of all Governmental Entities which, taken as a whole, are necessary and sufficient for the operation of the China Business as currently conducted (the "Company Permits"), and no suspension or cancellation of any of the Company Permits is pending or, to the Knowledge of the Company, threatened, and (B) are in compliance in all material respects with the terms of the Company Permit, except in each case where the failure to hold any such Company Permits or the suspension or cancellation of any such Company Permits or the noncompliance with respect to any such Company Permits, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect on the Company or its Subsidiaries. Neither the Company nor any of its Subsidiaries is in violation of, and none of such Persons has received since January 1, 2015, any written notices of violations with respect to, any Applicable Laws (including those relating to Food Safety Laws of China and the rules and regulations promulgated thereunder), except where such violations, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect on the Company.

(k) Intellectual Property. (i) Except as set forth in the SEC Reports, Parent and its Subsidiaries (excluding the Company and its Subsidiaries) exclusively own the KFC, PIZZA HUT and TACO BELL Trademarks; the Company or its Subsidiaries exclusively owns the EAST DAWNING, LITTLE SHEEP and ATTO PRIMO Trademarks; and (ii) except as set forth in the SEC Reports or the Company Financial Statements and except as has not had and would not reasonably be expected to have a Material Adverse Effect on the Company, (A) Parent, Company or a Subsidiary exclusively owns all other material proprietary Intellectual Property used in the conduct of the China Division as currently conducted, in each case in China, free and clear of any Encumbrances; (B) the Company or its Subsidiaries own or are licensed to use, all other Intellectual Property used in the conduct of the China Division as currently conducted; (C) all registered Intellectual Property that is owned by Parent, the Company or the Subsidiaries and used in the China Division as currently conducted is subsisting and unexpired, and to the Knowledge of

the Company, valid and enforceable; and the use of such Intellectual Property by the Company or its Subsidiaries does not infringe upon, misappropriate or otherwise violate the Intellectual Property rights of any Person; (D) to the Knowledge of the Company, no Person is infringing, misappropriating or otherwise violating any right of the Company or any of its Subsidiaries with respect to any Intellectual Property owned by and/or exclusively licensed to the Company or any of its Subsidiaries; (E) there is no claim or proceeding pending or, to the Knowledge of the Company, threatened (including cease-and-desist letters or invitations to take patent license) against the Company or any of its Subsidiaries challenging their respective use of Intellectual Property; (F) no Intellectual Property owned by the Company or any of its Subsidiaries is being used by or enforced by the Company or any of its Subsidiaries in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of such Intellectual Property; and (G) the Company or its Subsidiaries

use commercially reasonable efforts to protect and maintain the security, operation and integrity of all material systems and Computer Software (and all data stored therein or processed thereby) used in the conduct of the China Division as currently conducted and there have been no material breaches, outages, violations or unauthorized access to the same.

(l) Employee Benefit Plans.

(i) Except as would not reasonably be expected to have a Material Adverse Effect on the China Business, the execution, delivery and performance of this Agreement by the Company and the Transactions will not: (A) result in any payment becoming due, accelerate the time of payment or vesting of benefits, or increase the amount of compensation due to any Employee, or (B) trigger any funding obligation under any Benefit Plan.

(ii) Section 3.2(l)(ii) of the Disclosure Schedule contains a list of each Company Equity Plan, as amended or modified as of the date hereof, which will be in effect as of the Effective Time. As of the date of this Agreement, the Company has furnished or otherwise made available to the Investor a complete and correct copy of each and every Company Equity Plan or, with respect to any Company Equity Plan that is expected to be adopted after the date hereof and which will be in effect as of the Effective Time, a copy of such Company Equity Plan substantially in the form that will be adopted.

(m) Title to Assets. Each of the Company and its Subsidiaries has good and valid title to, or, in the case of leased assets, valid leasehold interests in, all their respective assets (other than assets that have been sold or disposed of, or for which a leasehold interest has expired or not been removed, in each case in the ordinary course of business consistent with past practice), except where the failure to have such good and valid title, or valid leasehold interest, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect on the Company.

(n) Anti-Corruption. Neither the Company nor any of its Subsidiaries or, to the Knowledge of the Company, any director or officer of the foregoing, acting in their capacity as such, has (A) made or offered any unlawful payment, or offered or promised to make any unlawful payment, or provided or offered or promised to provide anything of value (whether in the form of property or services or in any other form), to any foreign or domestic official or

employee of any Governmental Entity (which, for the purposes of this Section 3.2(n), also includes any political party or candidate), or to any finder, agent, representative or other party acting for, on behalf of, or under the auspices of any official or employee of any Governmental Entity (each, a "Government Official") for purposes of unlawfully (i) influencing any act or decision of any Government Official in his or her official capacity, (ii) inducing any Government Official to do or omit to do any act in violation of his or her lawful duty, (iii) securing any improper advantage; or (iv) inducing any Government Official to influence or affect any act or decision of any Governmental Entity, in each case for the purpose of obtaining or retaining business or directing business to any person; (B) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity or (C) taken any other action or made any omission that would or would reasonably be expected to result in a violation of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, or any other law of the United States, China, or of any other jurisdiction where the Company conducts business governing corrupt practices, commercial bribery, money laundering, pay-to-play, anti-bribery or anticorruption or that otherwise prohibits payments to any government or public officials or employees.

(o) Real Property.

(i) Except as would not have or reasonably be expected to have a Material Adverse Effect, the Company and its Subsidiaries has good and marketable title and validly granted land use rights and real property ownership rights to all real property relating to the business of the Company and its Subsidiaries that is owned by the Company and its Subsidiaries, free and clear of any Encumbrances, other than (A) Taxes, assessments and other governmental levies, fees or charges imposed which are not yet due and payable, or which are being contested by appropriate proceedings or that may thereafter be paid without material penalty, (B) statutory Encumbrances of landlords and Encumbrances of carriers, warehousemen, mechanics, materialmen, workmen, repairmen and other Encumbrances imposed by Applicable Law, (C) zoning, building codes and other land use laws regulating the use or occupancy of such real property or the activities conducted thereon which are imposed by any Governmental Entity having jurisdiction over such real property which are not violated by the current use or occupancy of such real property or the operation of the business thereon, (D) defects or imperfections of title, easements, covenants, conditions, restrictions and other similar matters of record affecting title to such real property which do not or would not materially impair the use or occupancy of such real property in the operation of the business conducted thereon, and (E) any other Encumbrances that have been incurred or suffered in the ordinary course of business and that have not had and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company ("Permitted Property Encumbrances").

(ii) Except as has not had and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, (A) all current leases and subleases of Leased Real Property (each, a "Company Lease") are valid and in full force and effect in accordance with their respective terms in all respects (except those which are cancelled, rescinded or terminated after the date hereof in accordance with their terms and this Agreement), (B) the Company or its Subsidiary, as applicable, has good and valid leasehold or subleasehold interests in each parcel of Leased Real Property, free and clear of any Encumbrances other than Permitted Property Encumbrances, (C) to the Knowledge of the

Company, there is no claim asserted or threatened by any Person regarding the lessor's ownership of the property demised pursuant to each Company Lease, (D) each Company Lease is in compliance with Applicable Law, including with respect to the ownership and operation of property and conduct of business as now conducted by the applicable Subsidiary of the Company which is a party to such Company Lease and (E) the leasehold interests under the Company Leases are adequate for the conduct of the China Business as currently conducted except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. None of the Company nor any of its Subsidiaries has Knowledge of, or has received written notice of, any violation of or default under (or any condition which with the passage of time or the giving of notice, or both, would cause such a violation of or default under) any Company Lease which would be material to the Company and its Subsidiaries, taken as a whole.

(p) Environmental Compliance. Except as has not had and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, the China Business is in compliance with any and all Applicable Laws and regulations relating to (i) the protection of health, safety, or the environment or (ii) the handling, use, transportation, disposal or release of hazardous or toxic substances or wastes,

pollutants or contaminants ("Environmental Laws") and has obtained and possess all permits, licenses and other authorizations currently required for their establishment and their operation under any Environmental Law (the "Environmental Permits"), and all such Environmental Permits are in full force and effect. Except as has not had and would not reasonably be expected to have a Material Adverse Effect on the Company, there are no actual or alleged costs or liabilities associated with Environmental Laws (including any capital or operating expenditures required for cleanup, closure of properties or compliance with Environmental Laws or any permit, license or approval and any potential liabilities to third parties). Except as has not had and would not reasonably be expected to have a Material Adverse Effect on the Company, no property currently or formerly owned or operated by the China Business has been contaminated with or is releasing any hazardous or toxic substances or wastes, pollutants or contaminants in a manner that would reasonably be expected to require remediation or other action pursuant to any Environmental Law. Except as has not had and would not reasonably be expected to have a Material Adverse Effect on the Company, no member of the China Business has received any notice, demand, letter, claim or request for information alleging that the Company or any of its Subsidiaries is in violation of or liable under any Environmental Law. Except as has not had and would not reasonably be expected to have a Material Adverse Effect on the Company, no member of the China Business is subject to any order, decree or injunction with any Governmental Entity or agreement with any person concerning liability under any Environmental Law or relating to any hazardous or toxic substances or wastes, pollutants or contaminants.

(q) Material Contracts.

(i) Except as has not had and would not reasonably be expected to have a Material Adverse Effect on the Company:

(A) each Material Contract is in full force and effect (except for those contracts or agreements that have expired in accordance with their terms), is a legal, valid and binding agreement of the member of the China

Business party thereto, as the case may be, and, to the Knowledge of the Company, of each other party thereto, in full force and effect and enforceable against the member of the China Business, as the case may be, and, to the Knowledge of the Company, against the other party or parties thereto, in each case, in accordance with its terms, in each case except as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally;

(B) each member of the China Business has performed or is performing all obligations required to be performed by it under the Material Contracts and is not (with or without notice or lapse of time, or both) or is not alleged to be in breach or violation thereof or default thereunder;

(C) no other party to any of the Material Contracts is (with or without notice or lapse of time or both) or is alleged to be in breach or violation, or default thereunder;

(D) no Person has indicated in writing its intention to terminate any Material Contract; and

(E) neither the execution of this Agreement nor the consummation of the Investment or any of the transactions contemplated by the Transaction Agreements or the Plan of Reorganization shall constitute a material default under, give rise to cancellation rights under, or otherwise adversely affect any of the material rights of the Company of any of its Subsidiaries under any Material Contract.

(r) Absence of Certain Changes.

(i) Except as specifically contemplated or permitted by the Investment Agreements, the Plan of Reorganization or as set forth in the SEC Reports, the Disclosure Schedule, or the Company Financial Statements, since December 31, 2015 through the date of this Agreement: (A) on the one hand, the Company and its Subsidiaries and, on the other hand, the members of the China Business, have operated their respective business only in the ordinary course of business, consistent with past practice; and (B) there has not been any event, change, circumstance or development which, individually or in the aggregate, has had, or would reasonably be expected to have, a Material Adverse Effect on the Company.

(ii) Except as set forth in Section 3.2(r)(ii) of the Disclosure Schedule, from December 31, 2015 through the date of this Agreement, except as set forth in the Plan of Reorganization, SEC Reports or the Company Financial Statements, none of Parent, the Company and their respective Subsidiaries have taken any action that, if taken without the consent of the Investor during the period from the date of this Agreement through the Closing Date, would constitute a breach of ARTICLE IV.

(iii) Except as set forth in Section 3.2(r)(iii) of the Disclosure Schedule, since December 31, 2015, none of the Parent, the Company and their respective

Subsidiaries has declared, set aside or paid any dividend or other distribution, whether payable in cash, stock, property or otherwise or redeemed, purchased or otherwise acquired, directly or indirectly, any of its respective capital stock or other securities.

(s) Plan of Reorganization. The Plan of Reorganization attached hereto is complete and correct in all material respects as of the date hereof and sets forth, in reasonable detail, all of the material internal restructuring, contribution, assignment and assumption transactions that were undertaken in order to complete the internal restructuring of the China Business. Parent and its Affiliates have completed the internal restructuring, contribution, assignment and assumption transactions in all material respects as described by the Plan of Reorganization. The Company wholly-owns, directly or indirectly, in all material respects, the China Division.

(t) Resolutions. Pursuant to resolutions provided to the Investor prior to the date hereof, the Board of Directors of the Company has unanimously approved, and at the written request of the Investor will provide further unanimous approval at least ten (10) Business Days prior to the

Effective Time, for the express purpose of exempting the Investment and any related transactions from Section 16(b) of the Exchange Act, pursuant to Rule 16b-3 thereunder, the transactions contemplated by this Agreement and the Shareholders Agreement, including the acquisition of the Investor Shares, Warrant 1 and Warrant 2, any disposition of Warrant 1 and Warrant 2 upon the exercise thereof, any acquisition of Company Common Stock upon the exercise of Warrant 1 and Warrant 2, any deemed acquisition or disposition in connection therewith, and all transactions related thereto.

(u) No Other Representations and Warranties. The representations and warranties set forth in this Section 3.2 are the only representations and warranties made by Parent and the Company (or any of their respective Affiliates) with respect to the transactions contemplated by this Agreement. Except for the representations and warranties expressly set forth in this Section 3.2, none of Parent, the Company or each of their respective Affiliates makes any other express or implied representation or warranty with respect to Parent or the Company or any of their respective Subsidiaries, and each of Parent, the Company and their respective Affiliates hereby disclaim all liability and responsibility for any and all projections, forecasts, estimates, plans or prospects (including the reasonableness of the assumptions underlying such forecasts, estimates, projections, plans or prospects), management presentations, financial statements, internal ratings, financial information, appraisals, statements, promises, advice, data or information made, communicated or furnished (orally or in writing, including electronically) to any Investor or any of its Affiliates or representatives, including omissions therefrom.

ARTICLE IV

CONDUCT OF BUSINESS PENDING THE INVESTMENT

Section 4.1 Conduct of Business Pending the Investment.

(a) Parent and the Company agree that, between the date of this Agreement and the Closing Date, except as required by Applicable Law or as set forth in

Section 4.1(a) of the Disclosure Schedule or as expressly provided by any other provision of this Agreement, unless the Investor shall otherwise provide its prior written consent (not to be unreasonably withheld, conditioned or delayed):

(i) Parent and the Company will use commercially reasonable efforts to conduct the China Business in the ordinary course of business consistent with past practice; and

(ii) Parent and Company shall use their commercially reasonable efforts to, maintain in effect all Company Permits, keep available the services of the current officers, key employees, and key consultants and contractors of the China Business and preserve the current material relationships and goodwill of the China Business with Governmental Entities, key customers and suppliers, and any other persons with whom any member of the China Business has relations.

(b) In furtherance and without limitation of Section 4.1(a), except as set forth in Section 4.1(b) of the Disclosure Schedule, the Plan of Reorganization, the Transaction Agreements (including any exhibit or schedule thereto) or as required by Applicable Law or as expressly provided by any other provision of the Investment Agreements, Parent and the Company will not, and will not permit any of their respective Subsidiaries to, with respect to the China Business, between the date of this Agreement and the Closing Date, do any of the following without the prior written consent of the Investor (not to be unreasonably withheld, conditioned or delayed):

(i) amend or otherwise change the certificate of incorporation, bylaws or equivalent organizational documents of the Company;

(ii) sell, transfer, lease, sublease, license, pledge, dispose of, grant or Encumber, or authorize the sale, transfer, lease, sublease, license, pledge, disposition, grant or Encumbrance any material property, rights or assets of the China Business (other than (x) in the ordinary course of business and consistent with past practice or (y) in transactions solely among the Company's wholly-owned Subsidiaries or between the Company and any of its wholly-owned Subsidiaries);

(iii) declare, set aside, make or pay any dividend or other distribution, payable in cash, shares, property or otherwise, with respect to any of its shares, other than dividends or other distributions from any wholly-owned Subsidiary of the Company to the Company or another Subsidiary which is wholly-owned by the Company;

(iv) issue any of its shares, or any options, warrants, convertible securities or other rights exchangeable into or convertible or exercisable for any of its capital stock, in each case other than in connection with the settlement of any Share Awards in accordance with the applicable Benefit Plan and this Agreement at any time prior to the Effective Time;

(v) (A) acquire (including, without limitation, by merger, consolidation, scheme of arrangement, amalgamation or acquisition of stock or assets or any other business combination) or make any capital contribution or investment in any corporation, partnership, other business organization or any division thereof (other than a wholly-owned Subsidiary of the Company), or (B) acquire any assets (other than (x) in the ordinary course of business consistent with past practice or (y) assets of a wholly-owned Subsidiary of the Company), in each case in excess of $50,000,000 in the aggregate;

(vi) create, incur, assume or suffer to exist any indebtedness for borrowed money, or issue guarantees, loans or advances, in each case, in excess of $50,000,000 individually or $100,000,000 in the aggregate, other than (A) borrowings under existing credit facilities of the Company or its Subsidiaries as in effect on the date of this Agreement solely to fund operating expenses in the ordinary course of business, (B) any transactions among the Company and its wholly owned Subsidiaries, (C) guarantees of indebtedness for borrowed money of any wholly-owned Subsidiary of the Company by the Company or guarantees by any such Subsidiary of indebtedness for borrowed money of the Company or any other Subsidiary of the Company, which indebtedness is incurred in compliance with this Section 4.1(b)(vi), (D) issuances of commercial

paper by the Company or any of its Subsidiaries backed by the existing credit facilities of the Company or its Subsidiaries as in effect on the date of this Agreement and (E) indebtedness for borrowed money incurred to replace, renew, extend or refinance any existing indebtedness for borrowed money of the Company or any of its Subsidiaries, in each case in an amount not to exceed the amount of the indebtedness replaced, renewed, extended or refinanced (plus interest and premium, if any, thereon and the amount of reasonable refinancing fees and expenses incurred in connection therewith) and on terms that are no less favorable to the Company or such Subsidiary than the terms of the indebtedness replaced, renewed, extended or refinanced;

(vii) engage in the conduct of any new line of business material to the Company and its Subsidiaries, taken as a whole;

(viii) fail to maintain sufficient working capital required to operate the China Business in the ordinary course consistent with past practice;

(ix) enter into, amend or modify any Related Party Agreement or grant any consents or waivers thereunder in favor of a party thereto other than the Company and its Subsidiaries;

(x) make any material amendment or modification to any Transaction Agreement (or enter into any Transaction Agreement in a form containing any material amendment or modification to the applicable form attached hereto); or

(xi) authorize or agree to take any of the foregoing actions, or enter into any letter of intent (binding or non-binding) or similar written agreement or arrangement with respect to any of the foregoing.

ARTICLE V

COVENANTS

Section 5.1 Public Announcements; Periodic Reports. The Parties shall each use reasonable best efforts to develop a joint communications plan and each Party shall use reasonable best efforts to ensure that all press releases and other public statements with respect to the Transactions shall be consistent with such joint communications plan. Without prejudice to the foregoing, (a) the press release announcing the execution of this Agreement and/or the consummation of the Investment shall be issued only in such form as shall be mutually agreed by the Parties and (b) except as may be required by Applicable Law, Parent, the Company and Investor shall consult with each other before issuing any press release, having any communications with the press (whether or not for attribution), making any other public statement or scheduling any press conference or conference call with investors, stockholders or analysts with respect to this Agreement or the Investment, and shall not, without the prior written consent of the other Parties, issue any such press release, have any such communication, make any such other public statement or schedule any such press conference or conference call prior to such consultation; provided that notwithstanding anything herein to the contrary, (i) Parent and/or the Company shall be permitted in their sole discretion to issue any press release or make any other public statement contained in, or made in connection with, the Form 10 and/or the Distribution, as well as make any amendments or modifications to the Form 10 that either such Party believes are appropriate or required and (ii) Parent and/or the Company shall be permitted to make public disclosures relating to this Agreement, the Shareholders Agreement and the Investment in one or more of its periodic filings with the SEC as required by Applicable Law, except that after the initial press release, no information may be included in any press release (other than information which is already publicly available other than as a result of a breach of this Section 5.1) relating to the Investor, its Affiliates, or any of their respective directors, officers or employees, without the prior written consent of the Investor (such consent to not be unreasonably withheld, conditioned or delayed); provided, that no such consent shall be required for any such information that is consistent with information or statements previously publicly disclosed and consented to by Investor.

Section 5.2 Tax-Free Reorganization Treatment. After the date hereof and until the second (2nd) anniversary of the date on which the Distribution occurs, the Investor shall not, and shall cause each of the Investor's Investor Tax Affiliates not to, (x) without the prior written consent of Parent and the Company, acquire any shares of Parent Common Stock or any shares of capital stock of the Company (other than the Warrant Shares and any shares of Company Common Stock acquired in accordance with Section 2.4(c)), or (y) without the prior written consent of the Company, acquire any shares of any of the Company's Subsidiaries; provided that, subject in all respects to Section 2.2 of the Shareholders Agreement, nothing in this Section 5.2 shall prohibit the Investor or any Investor Tax Affiliate, after the Closing, from acquiring any share of capital stock of the Company or Parent so long as the Investor, together with each Investor Tax Affiliate, does not directly or indirectly acquire stock (in the aggregate

and taking into account the Investment) representing a "50 percent or greater interest" (within the meaning of Section 355(d)(4) of the Code) in either Parent or the Company. For the avoidance of doubt, neither Parent, the Company nor any of their Subsidiaries shall be considered an Investor Tax Affiliate for purposes of the preceding sentence.

Section 5.3 Shareholders Agreement; Organizational Documents.

(a) The Company and the Investor shall take all necessary action to, simultaneously with the Closing, execute and deliver the shareholders agreement in substantially the form of Exhibit H (the "Shareholders Agreement").

(b) Immediately prior to the Closing, Parent, as the sole shareholder of the Company, shall approve and adopt the Amended and Restated Certificate of Incorporation of the Company and the Amended and Restated Bylaws of the Company, in the forms attached hereto as Exhibits F and G, respectively (reflecting the amendment(s), if any, set forth on Section 4.1(a) of the Disclosure Schedule).

Section 5.4 Financing Contingency. The Investor acknowledges and agrees that the arrangement and obtaining of financing is not a condition to the Closing, and reaffirms its obligation to consummate the Investment irrespective and independently of the availability of any financing, subject to fulfillment or waiver of the conditions set forth in this Agreement. Without limiting the foregoing, Investor shall use its reasonable best efforts to take, or cause to be taken, all actions and do, or cause to be done, as promptly as possible, all things necessary, proper or advisable to obtain the Equity Financing

under the ECL on the terms and conditions described in the ECL. Investor shall give Parent and the Company prompt written notice (i) of any material breach or default by any party to the ECL, (ii) if and when Investor becomes aware of any material adverse change with respect to the Equity Financing, (iii) of the receipt of any written notice or other written communication form any Person with respect to any material breach, default or termination by any party to the ECL, and (iv) any expiration or termination of the ECL. Notwithstanding anything to the contrary in this Agreement, compliance by the Investor with this Section 5.4 shall not relieve Investor of its obligations to consummate the transactions contemplated by this Agreement.

Section 5.5 Transaction Agreements. Other than when and as may be expressly permitted by the Shareholders Agreement, none of Parent, the Company or any of their respective Affiliates and/or Subsidiaries shall (x) enter into, make, propose or agree to any material amendment or modification of any of the Transaction Agreements to which any of them is or is proposed to be a party or (y) waive compliance with any material obligations of any party thereunder without the prior written consent of the Investor, such consent not to be unreasonably withheld, delayed or conditioned. The foregoing provisions of this Section 5.5 shall be without prejudice to Parent's right to consummate (or abandon) the Distribution in Parent's sole discretion.

Section 5.6 Transition Services Agreement . The Investor acknowledges and agrees that, notwithstanding anything contained in ARTICLE IV to the contrary, Parent and the Company (or their respective Subsidiaries following the Distribution) may enter into a transition services agreement (the "Transition Services Agreement") on the key terms set forth in

Section 5.6 of the Disclosure Schedule, among, on the one hand, certain of Parent and its Subsidiaries (other than the Company and its Subsidiaries) and, on the other hand, certain of the Company and its Subsidiaries, that provides for, among other things, the provision of certain transition services by or on behalf of Parent or one or more of its Subsidiaries on customary terms and providing for fees which are no more favorable to Parent and its Subsidiaries (other than the Company and its Subsidiaries) than those which the Company could reasonably obtain in a negotiation with a third party who is not an Affiliate.

Section 5.7 Notification of Certain Matters. Each of the Company, Parent and the Investor shall promptly notify the other Parties in writing of:

(a) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions or any of the transactions contemplated by the Transaction Agreements;

(b) any notice or other communication from any Governmental Entity in connection with the Transactions or the transactions contemplated by the Transaction Agreements; and

(c) any Actions commenced or, to the Knowledge of the Company or the Knowledge of the Investor threatened against the Company or any of its Subsidiaries, the Investor, or Parent and any of its Subsidiaries, as the case may be, that relate to such Party's ability to consummate the Transactions or any of the transactions contemplated by the Transaction Agreements.

Section 5.8 Access to Information. From the date of this Agreement until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms, each of Parent and the Company shall keep the Investor reasonably informed of any material development of the proposed Distribution (including the status thereof) and, upon reasonable notice, each of Parent and the Company shall (and each shall cause its respective Subsidiaries to) afford to the Investor and its officers, accountants, counsel, and financial advisors reasonable access, during normal business hours, to (a) the books and records principally relating to the China Business and (b) the senior management employees of the Company; provided, however, that Parent or the Company may restrict the foregoing access to the extent that (i) any Applicable Laws or Material Contract requires Parent, the Company or any of their respective Subsidiaries to restrict or prohibit access to any such properties or information or (ii) disclosure of such information would violate confidentiality obligations to a third party (who is not an outside advisor of Parent and/or the Company). The Investor will hold any such information obtained pursuant to this Section 5.8 in confidence in accordance with, and will otherwise be subject to, the provisions of the Confidentiality Agreement dated February 4, 2016 between Parent and Primavera Capital Limited (as it may be amended or supplemented, the "Confidentiality Agreement"). Notwithstanding anything in the Confidentiality Agreement or this Agreement to the contrary, following the Closing, (x) any disclosure of information (other than any information relating to the Parent or its Subsidiaries (excluding, for the avoidance of doubt, the Company and its Subsidiaries)) that is not prohibited by Section 3.2 of the Shareholders Agreement shall not be deemed to be a breach of this Section 5.8 or the Confidentiality Agreement, (y) any action that is not prohibited by Section 2.2 of the Shareholders Agreement

shall not be deemed to be a breach of the standstill obligations of the Investor solely in respect of the Company set forth in the seventh paragraph of the Confidentiality Agreement, and (z) except as provided in (x) and (y), nothing in this Section 5.8 shall be construed to limit or otherwise modify the provisions or term of the Confidentiality Agreement, which shall survive any termination of this Agreement. Any investigation by the Investor shall not affect the representations and warranties contained herein or the conditions to the respective obligations of the Parties to consummate the Investment.

Section 5.9 Public Filings. Prior to filing any amendment or supplement to the Form 10, the Company and Parent shall provide the Investor with a copy of such amendment or supplement (including all exhibits to be filed therewith) and provide the Investor with a reasonable opportunity to review and comment on any section(s) or portion(s) of such amendment or supplement relating to the Investor, its Affiliates, or any of their respective directors, officers or employees or the material terms of the Investment, and the Company and Parent shall consider in good faith any such comments. If the Investor disagrees with any material matters in any such section(s) or portion(s) of such amendment or supplement (including all exhibits to be filed therewith), the Investor may raise such objection with the Company and Parent no later than five (5) calendar days following receipt by the Investor of such amendment or supplement (including all exhibits to be filed therewith) and the Parties shall cooperate in good faith to resolve any such objections; provided that no information may be included (x) in any amendment or supplement to the Form 10, and (y) any correspondence filed with the SEC with respect thereto, (other than information which is already publicly available other than as a result of a breach of this Section 5.9) relating to the Investor, its Affiliates, or any of their respective directors, officers or employees or the material terms of the Investment, without the prior written consent of the Investor (such consent to not be unreasonably withheld, conditioned or delayed).

Section 5.10 Section 16 Matters. After the Effective Time, if the Company or its Subsidiaries takes any action, including becoming a party to a consolidation, merger or other similar transaction, if there is any event or circumstance that may result in the Investor, its Affiliates and/or any Investor Affiliated Director being deemed to have made a disposition or acquisition of Equity Securities of the Company or derivatives thereof for purposes of

Section 16 of the Exchange Act, and if any Investor Affiliated Director is serving on the Board of Directors of the Company at such time or has served on the Board of Directors of the Company during the preceding six (6) months (i) to the extent permitted by Applicable Law, the Board of Directors of the Company or a properly delegated committee thereof composed solely of two or more "non-employee directors" as defined in Rule 16b-3 of the Exchange Act will pre-approve such acquisition or disposition of Equity Securities of the Company or derivatives thereof for the express purpose of exempting the Investor's, its Affiliates' and any Investor Affiliated Director's interests (for the Investor and/or its Affiliates, to the extent such persons may be deemed to be "directors by deputization") in such transaction from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 thereunder and (ii) if the transaction involves (A) a potential acquisition or deemed acquisition, or disposition or deemed disposition, by the Investor, its Affiliates, and/or any Investor Affiliated Director of Equity Securities of such other issuer or derivatives thereof and (B) an Affiliate or other designee of the Investor or its Affiliates will serve on the Board of Directors (or its equivalent) of such other issuer, then the Company shall use its commercially reasonable efforts to require, to the extent permitted by Applicable Law, that such other issuer

pre-approve any such acquisitions or dispositions of Equity Securities or derivatives thereof for the express purpose of exempting the interests of the Investor, its Affiliates and any Investor Affiliated Directors (for the Investor and/or its Affiliates, to the extent such persons may be deemed to be "directors by deputization" of such other issuer) in such transactions from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 thereunder.

ARTICLE VI

CONDITIONS TO THE INVESTMENT

Section 6.1 Conditions to the Obligations of Each Party. The obligations of the Parties to consummate the Investment are subject to the satisfaction or waiver (where permissible) of the following conditions:

(a) No Injunctions or Restraints; Illegality. No Applicable Laws shall have been adopted, promulgated or enforced by any Governmental Entity, and no temporary restraining order, preliminary or permanent injunction or other order issued by a court or other Governmental Entity of competent jurisdiction (an "Injunction") shall be in effect, having the effect of making the Transactions illegal or otherwise prohibiting the consummation of the Transactions.

(b) No Pending Governmental Actions. No proceeding initiated by any Governmental Entity seeking an Injunction having the effect of making the Transactions illegal or otherwise prohibiting the consummation of the Transactions shall be pending.

Section 6.2 Conditions to the Obligations of Investor. The obligations of the Investor to consummate the Investment are subject to the satisfaction or waiver by the Investor on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. (i) Other than the Company and Parent Fundamental Representations, the representations and warranties of the Company and Parent contained in this Agreement (disregarding for this purpose any limitation or qualification by "materiality" or "Material Adverse Effect" or any words of similar import set forth therein) shall be true and correct in all respects as of the date hereof and as of the Closing, as though made on and as of such date and time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except to the extent such failures to be true and correct, would not, individually or in the aggregate, have or result in a Material Adverse Effect on Parent or the Company, (ii) the representation set forth in Section 3.2(r)(i)(B) shall be true and correct in all respects as of the date hereof and as of the Closing, as though made on and as of such date and time, and (iii) the Company and Parent Fundamental Representations shall be true and correct in all respects as of the date hereof and as of the Closing, as though made on and as of such date and time (except to the extent expressly made as of an earlier date, in which case as of such earlier date).

(b) Agreements and Covenants. Each of the Company and Parent shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing.

(c) Material Adverse Effect. Since the Balance Sheet Date, there shall not have occurred and be continuing any event, change, circumstance or development which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on the Company.

(d) Officer Certificate. Parent and the Company shall have delivered to the Investor a certificate, dated the Closing Date, duly executed by a senior executive officer of the Company, certifying as to the satisfaction of the conditions specified in Section 6.2(a)-(c), (e) and (f).

(e) Board Representation. The Investor Designee shall have been appointed or elected to the Board of Directors of the Company, such appointment or election to be effective on the Business Day immediately following the Closing.

(f) Organizational Documents. The certificate of incorporation and bylaws of the Company shall be substantially in the form attached hereto in Exhibit F and Exhibit G, respectively.

Section 6.3 Conditions to the Obligations of the Company. The obligations of the Company to consummate the Investment are subject to the satisfaction or waiver by the Company on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. Other than the representations and warranties of the Investor contained in Section 3.1(a), Section 3.1(b), Section 3.1(e), Section 3.1(f), Section 3.1(g), Section 3.1(h) and Section 3.1(j), (i) the representations and warranties of the Investor contained in this Agreement (disregarding for this purpose any limitation or qualification by "materiality" or "Material Adverse Effect" or any words of similar import set forth therein) shall be true and correct in all respects as of the date hereof and as of the Closing, as though made on and as of such date and time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except to the extent such failures to be true and correct, would not have or result in a Material Adverse Effect on the Investor and (ii) the representations and warranties set forth in Section 3.1(a), Section 3.1(b), Section 3.1(e), Section 3.1(f), Section 3.1(g), Section 3.1(h) and Section 3.1(j) shall be true and correct in all respects as of the date hereof and as of the Closing, as though made on and as of such date and time (except to the extent expressly made as of an earlier date, in which case as of such earlier date).

(b) Agreements and Covenants. The Investor shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing.

(c) Officer Certificate. Investor shall have delivered to Parent and the Company a certificate, dated the Closing Date, duly executed by a signatory duly authorized by the general partner of the Investor to act on behalf of the Investor, certifying as to the satisfaction of the conditions specified in Section 6.3(a)-(b).

ARTICLE VII

TERMINATION AND AMENDMENT

Section 7.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Parent and the Investor;

(b) by either Parent or the Investor, if the Closing shall not have occurred on or before March 31, 2017; provided that the right to terminate this Agreement pursuant to this Section 7.1(b) shall not be available to any Party if the circumstances described in this Section 7.1(b) are primarily caused by such Party's (which, with respect to Parent, includes the Company) failure to comply with its obligations under this Agreement;

(c) by Parent, if there shall have been a material breach of any representation, warranty, covenant or agreement on the part of the Investor set forth in this Agreement such that the conditions set forth in Section 6.3(a) or Section 6.3(b) would not be satisfied; provided however, that, Parent shall not have the right to terminate this Agreement pursuant to this Section 7.1(c) if Parent or the Company is then in material breach of any of its representations, warranties, covenants or other agreements hereunder;

(d) by the Investor, if there shall have been a material breach of any representation, warranty, covenant or agreement on the part of Parent or the Company set forth in this Agreement such that the conditions set forth in Section 6.2(a) or Section 6.2(b) would not be satisfied; provided however, that, the Investor shall not have the right to terminate this Agreement pursuant to this Section 7.1(d) if either Investor is then in material breach of any of their representations, warranties, covenants or other agreements hereunder; or

(e) by the Investor, if there shall have occurred and be continuing any event, change, circumstance or development which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on the Company.

Notwithstanding anything to the contrary in this Agreement, this Agreement shall automatically terminate (without any further action of any of the Parties hereto) and be of no further force or effect, if, prior to the Effective Time, Parent publicly announces that the Distribution has been abandoned.

Section 7.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 7.1, this Agreement shall forthwith become void, and there shall be no liability or obligation on the part of the Investor, Parent, or the Company or their respective Affiliates, officers, directors, employees and other representatives under this Agreement; provided that Section 5.1, this Section 7.2, and ARTICLE IX shall survive any termination of this Agreement pursuant to Section 7.1 and provided that nothing herein shall relieve any party from liability for its willful and intentional breach of this Agreement prior to such termination. For purpose of this Section 7.2, "willful and intentional" shall mean an action taken with the actual knowledge of the Party taking such action that such action violates this Agreement.

ARTICLE VIII
SURVIVAL; INDEMNIFICATION

Section 8.1 Survival of Representations and Warranties. (a) The Company and Parent Fundamental Representations shall survive the Closing Date and continue in full force and effect until the second (2nd) anniversary of the Closing Date, and (b) the Company's and Parent's representations and warranties set forth in Section 3.2(f)(ii) and Section 3.2(g) shall survive the Closing Date and continue in full force and effect until the date that is twelve (12) months following the Closing Date (such period the "Expiration Period"). No other representation or warranty shall survive the Closing. If the Investor (or any Indemnified Person) delivers written notice (setting forth, to the extent practicable, in reasonable detail the basis for an indemnifiable claim pursuant to Section 8.2) to Parent or the Company, as applicable, for a claim for indemnification or recovery within the applicable Expiration Period, such claim shall survive until satisfied, or otherwise finally resolved or judicially determined. No covenant or agreement contained herein that by its terms is to be performed prior to the Closing Date shall survive the Closing Date. For the avoidance of doubt, this Section 8.1 shall not limit any covenant or agreement of the Parties which by its term contemplates performance after the Closing Date.

Section 8.2 Indemnification by Parent and the Company.

(a) In consideration of the Investor's execution and delivery of this Agreement and acquiring the Investor Shares and the Warrants, in addition to all of the Company's other obligations under this Agreement, Parent agrees, from and after the Closing, to defend, protect, indemnify and hold harmless the Investor and its respective Affiliates, shareholders, partners, members, officers, directors, employees, agents or other representatives (collectively, the "Indemnified Persons") from and against any and all Losses of any Indemnified Person as a result of, or arising out of, or relating to any misrepresentation or breach by Parent or the Company of any Company and Parent Fundamental Representations (other than the representations set forth in Section 3.2(h)); and the Company agrees, from and after the Closing, to defend, protect, indemnify and hold harmless the Indemnified Persons from and against any and all Losses of any Indemnified Person as a result of, or arising out of, or relating to any misrepresentation or breach by the Parent or Company of the representations set forth in Section 3.2(h).

(b) The Company agrees, from and after the Closing, to defend, protect, indemnify and hold harmless the Indemnified Persons from and against any and all Losses of any Indemnified Person as a result of, or arising out of, or relating to any misrepresentation or breach of the representations or warranties made in Section 3.2(f)(ii) and Section 3.2(g).

Section 8.3 Limitations on Indemnification.

(a) The Company shall have no liability to the Indemnified Persons under Section 8.2(b) with respect to any misrepresentation or breach of any such representation or warranty unless the aggregate amount of the Losses actually suffered or incurred by the Indemnified Persons pursuant to Section 8.2(b) exceeds one-half of a percent (0.5%) of the Investor Purchase Price, in which case the Company shall be liable only for Losses pursuant to Section 8.2(b) in excess of such amount.

(b) The maximum aggregate liabilities of the Company in respect of the Losses pursuant to Section 8.2(b) with respect to any misrepresentation or breach of representations and warranties made by the Company and/or Parent shall be subject to a cap equal to fifteen percent (15%) of the Investor Purchase Price.

(c) Notwithstanding anything to the contrary contained herein, none of the limitations set forth in this ARTICLE VIII shall apply to any intentional fraud, willful misconduct or gross negligence by Parent, the Company, the Investor or any of their respective Affiliates in connection with the transactions contemplated by the Investment Agreements and the Transaction Agreements.

Section 8.4 Treatment of Indemnity Payments. All payments required to be paid pursuant to this ARTICLE VIII shall be treated as an adjustment to the Investor Purchase Price for Tax purposes, except as otherwise required by Applicable Law.

ARTICLE IX

GENERAL PROVISIONS

Section 9.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) upon confirmation of receipt if delivered by telecopy or telefacsimile, (c) on the second Business Day following the date of dispatch if delivered by a recognized next-day courier service, or (d) on the date received if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice

(a) if to the Company, to

Yum China Holdings, Inc.
16/F Two Grand Gateway
3 Hongqiao Road
Shanghai 200030
The People's Republic of China
Attention: Shella Ng, Chief Legal Officer
Facsimile: +86-21-2407-7898

with a copy (which shall not constitute notice) to

Sidley Austin LLP
One South Dearborn Street
Chicago, Illinois 60603
Attention: Paul L. Choi
Beth E. Flaming
Facsimile: (312) 853-7036

(b) if to the Investor, to

Pollos Investment L.P.
c/o Primavera Capital Limited
28th Floor, 28 Hennessy Road
Hong Kong
Attention: Ena Leung
Facsimile: +852-3767-5001

with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Patrick J. Naughton
Facsimile: +1-212-455-2502

(c) if to Parent, to

Yum! Brands, Inc.
1441 Gardiner Lane
Louisville, Kentucky 40213
Attention: Scott Catlett
Facsimile: (502) 874-8790

with a copy (which shall not constitute notice) to

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Benjamin M. Roth
Facsimile: (212) 403-2000

and

Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606
Attention: Frederick B. Thomas
Jodi A. Simala
Facsimile: (312) 706-8436

or to such other persons or addresses as may be designated in writing by the Party to receive such notice as provided above.

Section 9.2 Amendment and Waiver. This Agreement may not be amended, supplemented or changed, and no provision hereof may be waived by any Party, except by an instrument in writing making specific reference to this Agreement signed on behalf of each of the Parties hereto. The failure of any Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

Section 9.3 Interpretation. When a reference is made in this Agreement to Sections, Exhibits or Schedules, such reference shall be to a Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” and “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

Section 9.4 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one Party, but all such counterparts taken together will constitute one and the same Agreement.

Section 9.5 Entire Agreement; No Third Party Beneficiaries.

(a) This Agreement, and the exhibits and schedules hereto, including Exhibit A (Form of Separation and Distribution Agreement), Exhibit B (Form of Employee Matters Agreement), Exhibit C (Form of Tax Matters Agreement), Exhibit D (Form of Master License Agreement), Exhibit E (Form of Name License Agreement), Exhibit F (Form of Amended and Restated Certificate of Incorporation of the Company), Exhibit G (Form of Amended and Restated Bylaws of the Company), Exhibit H (Form of Shareholders Agreement), the Transition Services Agreement, the Shareholders Agreement and the other agreements and instruments of the Parties delivered in connection herewith and therewith constitute the entire agreement and supersede all prior agreements, understandings, representations and warranties, both written and oral, among the Parties with respect to the subject matter hereof and thereof.

(b) Nothing in this Agreement shall confer any rights upon any Person other than the Parties and each such Party’s respective heirs, successors and permitted assigns, all of whom shall be third party beneficiaries of this Agreement.

Section 9.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without giving effect to any choice of law principles thereof that would cause the application of the laws of another jurisdiction).

Section 9.7 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, and the application of such provision to Persons or circumstances other than those as to which it has been held invalid and unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any Party. Upon any such determination, the Parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect, as closely as possible, the original intent of the Parties. The Parties intend that the remedies hereon contained in this Agreement be construed as integral provisions of this Agreement and that such remedies shall not be severable in any manner that reduces a Party’s liability or obligation hereunder.

Section 9.8 Assignment. This Agreement shall not be assignable by any Party without the prior written consent of the other Parties.

Section 9.9 Submission to Jurisdiction; Waivers. Each of the Investor, Parent and the Company hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the Delaware Court of Chancery (or if, (but only if) the Delaware Court of Chancery shall be unavailable, any other court of the State of Delaware or any federal court sitting in the State of Delaware), with respect to any actions, suits or proceedings arising out of or relating to this Agreement and the transactions contemplated hereby and further agree that service of any process, summons, notice or document by registered mail to the

addresses set forth on this Agreement shall be effective service of process for any action, suit or proceeding brought against any such party in any such court. Each of the Investor, Parent and the Company hereby irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby, in the Delaware Court of Chancery (or if, (but only if) the Delaware Court of Chancery shall be unavailable, any other court of the State of Delaware or any federal court sitting in the State of Delaware), and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF THE INVESTOR, PARENT AND THE COMPANY HERETO HEREBY WAIVES TRIAL BY JURY AND/OR ANY DEFENSES BASED UPON THE VENUE, THE INCONVENIENCE OF THE FORUM, OR THE LACK OF PERSONAL JURISDICTION IN ANY ACTION OR SUIT ARISING FROM SUCH DISPUTE WITH JURISDICTION AND/OR VENUE SO SELECTED.

Section 9.10 Enforcement. Each Party hereto acknowledges that money damages would not be an adequate remedy in the event that any of the covenants or agreements in this Agreement are not performed in accordance with its terms, and it is therefore agreed that in addition to and without limiting any other remedy or right it may have, the non-breaching party will have the right to seek an injunction, temporary restraining order or other equitable relief in any court of competent jurisdiction enjoining any such breach and enforcing specifically the terms and provisions hereof. In addition, any and all remedies herein expressly conferred upon a Party hereto will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Applicable Law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy.

Section 9.11 Disclosure Schedule. The mere inclusion of an item in the relevant Disclosure Schedule as an exception to a representation, warranty or covenant shall not be deemed an acknowledgment that such matter or item is required to be disclosed therein or is material to a representation or warranty set forth in this Agreement, and shall not be an admission by a party that such item represents a material exception or material fact, event or circumstance or that such item, alone or together with any other item, has had or would reasonably be expected to have a Material Adverse Effect with respect to Investor, Parent, the Company or any Subsidiary of the foregoing, as applicable.

Section 9.12 Fees and Expenses. Except as otherwise provided herein, all fees and expenses incurred in connection with the preparation and negotiation of this Agreement and the consummation of the transactions contemplated by this Agreement shall be paid by the Party or Parties, as applicable, incurring such expenses.

Section 9.13 Transfer Taxes. The Company shall pay any and all documentary, stamp and similar issue or transfer tax due on the issue of the Investor Shares.

Section 9.14 Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

Section 9.15 Mutual Drafting. This Agreement shall be deemed to be the joint work product of Investor, Parent, and the Company and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

Section 9.16 No-Recourse; No Partnership. Only the Parties shall have any obligation or liability under this Agreement. Notwithstanding anything that may be express or implied in this Agreement, no recourse under this Agreement, shall be had against any current or future Affiliate of the Investor, any current or future direct or indirect shareholder, member, general or limited partner, controlling Person or other beneficial owners of the Investor or of any such Affiliate, any of their respective representatives or any of the successors and assigns of each of the foregoing (collectively, "Non-Liable Persons"), whether by enforcement of any assessment or any legal or equitable proceeding, or by virtue of any statute, regulation or other Applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Liable Person for any obligation of the Investor under this Agreement for any claim based on, in respect of or by reason of such obligations or their creation; provided that the foregoing shall not apply to any Non-Liable Person who becomes a party to this Agreement in accordance with the terms hereof; provided, further, that for the avoidance of doubt, nothing contained in this Section 9.16 shall limit in any respect any of the rights of the Company, or any liability of Investor or the Fund, under the ECL. Nothing in this Agreement shall be deemed to constitute a partnership among any of the Parties hereto.

Section 9.17 No Conflict. Parent hereby acknowledges and agrees that, notwithstanding anything contained in any Transaction Agreement to the contrary, the Company and its Subsidiaries shall not be deemed to be in breach of any of their respective obligations or suffer any other negative consequences pursuant to any Transaction Agreement due to any fact or circumstance arising out of any action taken by the Investor, or any of its Affiliates, in accordance with, and as permitted by, the terms and conditions of this Agreement and the Shareholders Agreement, including any acquisition of securities of the Company that would be permitted pursuant to the Shareholders Agreement.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

YUM CHINA HOLDINGS, INC.

By: /s/ Micky Pant
Name Micky Pant
Title CEO

YUM! BRANDS, INC.

By: /s/ David Gibbs

Name David Gibbs
Title President and CFO

[Signature Page to Investment Agreement]

POLLOS INVESTMENT L.P.

By: /s/ Michael Collins
Name Michael Collins
Title Director

[Signature Page to Investment Agreement]

Exhibit 10.12

EXECUTION VERSION

INVESTMENT AGREEMENT

DATED AS OF SEPTEMBER 1, 2016

AMONG

YUM! BRANDS, INC.,

YUM CHINA HOLDINGS, INC.

AND

API (HONG KONG) INVESTMENT LIMITED

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EXHIBITS

INVESTMENT AGREEMENT

INVESTMENT AGREEMENT, dated as of September 1, 2016 (this "Agreement"), among Yum! Brands, Inc., a North Carolina corporation ("Parent"); Yum China Holdings, Inc., a Delaware corporation and, as of the date hereof (prior to, and without giving effect to, the Investment (as defined below) contemplated hereby and the Distribution (as defined below)), a wholly owned subsidiary of Parent (the "Company"); and API (Hong Kong) Investment Limited, a company incorporated under the laws of Hong Kong (the "Investor" and, collectively with Parent and the Company, the "Parties").

W I T N E S S E T H

WHEREAS, Parent and its Affiliates have completed the internal restructuring, contribution, assignment and assumption transactions in all material respects as described by the Plan of Reorganization attached hereto as Exhibit I (the "Plan of Reorganization"), such that the Company now wholly-owns, directly or indirectly, in its entirety, the China Division (as defined below);

WHEREAS, on the terms and subject to the conditions set forth in this Agreement, Parent and the Company desire to issue and sell to the Investor, and the Investor desires to purchase from the Company, newly-issued shares of the Company's common stock, par value $0.01 per share (the "Company Common Stock"), on the terms and subject to the conditions set forth in this Agreement (the "Investment");

WHEREAS, in connection with the Investment, the Company will issue to the Investor certain Warrants (as defined below), on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, Parent intends to distribute, immediately prior to the Investment, all of the shares of Company Common Stock then-owned by Parent to the holders of Parent Common Stock in a transaction (the "Distribution" and together with the Investment, the "Transactions"), pursuant to a Separation and Distribution Agreement to be entered into among Parent, the Company and Yum Restaurants Consulting (Shanghai) Company Limited (the "Separation and Distribution Agreement"), in substantially the form attached hereto as Exhibit A;

WHEREAS, the Distribution is intended to qualify as tax-free under Section 355 and Section 361 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, concurrently with the execution and delivery of this Agreement, Pollos Investment L.P. ("PV") is entering into an investment agreement relating to the issuance and sale by the Company to PV of certain Company Common Stock and Warrants on the terms and subject to the conditions set forth therein (the "PV Investment Agreement"); and

WHEREAS, Parent, the Company and the Investor each desires to make certain representations, warranties, covenants and agreements in connection with the Transactions and to prescribe the various conditions to the Transactions.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used in this Agreement have the meanings set forth in this Agreement or, when so indicated, in the applicable Transaction Agreement. As used in this Agreement:

"Action" has the meaning set forth in Section 3.1(c)(i).

"Adjusted VWAP Price Per Share" means the price per share of Company Common Stock, expressed in U.S. Dollars, obtained by multiplying (i) the volume weighted average price of a share of Company Common Stock listed on the New York Stock Exchange during the Measurement Period by (ii) 0.92; provided, that if the foregoing product is greater than the Upper Benchmark, the Adjusted VWAP Price Per Share shall be equal to the Upper Benchmark, and if the foregoing product is less than the Lower Benchmark, the Adjusted VWAP Price Per Share shall be equal to the Lower Benchmark.

"AF Reserved Matters" has the meaning set forth in Section 9.17.

"Affiliate" means (except as specifically otherwise defined), when used with respect to a specified Person, a Person that, directly or indirectly, through one (1) or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; provided that from and after the Closing, (x) neither the Company nor any of its Subsidiaries shall be considered an Affiliate of Parent or any of its Subsidiaries or of any Affiliate of Parent or its Subsidiaries; and (y) neither Parent nor any of its Subsidiaries shall be considered an Affiliate of the Company or any of its Subsidiaries or of any Affiliate of the Company or its Subsidiaries. Notwithstanding anything herein to the contrary, with respect to the Investor, "Affiliate" shall mean (i) Zhejiang Ant Small and Micro Financial Services Group Co., Ltd., or (ii) a Person that, directly or indirectly, through one (1) or more intermediaries, is controlled by Zhejiang Ant Small and Micro Financial Services Group Co., Ltd., but in any event excluding the Persons listed in Annex B hereto and their respective controlled Persons; provided, that solely for purposes of Sections 3.1(b) and 3.1(c) hereof, the first two Persons set forth on Annex B shall only be excluded to the extent such Persons would not otherwise be deemed to be an Affiliate under this definition. For purposes of this definition, "control" (including with its correlative meanings "controlled by" and "under common control with"), when used with respect to any specified Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise.

"Agreement" has the meaning set forth in the Preamble.

"Applicable Law" means any applicable national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Entity.

"Balance Sheet Date" means May 31, 2016.

"Beneficially Own" has the meaning set forth in the Shareholders Agreement.

"Benefit Plans" means each material benefit plan, contract, program, policy, arrangement or agreement, whether written or unwritten and whether insured or self-insured, maintained, sponsored or contributed to by the Company or any of its Subsidiaries or to which the Company or any of its Subsidiaries has any liability or makes or is required to make contributions with respect to the employees, officers, directors or independent contractors of the Company or any of its Subsidiaries, including any retirees, former employees, officers, directors or independent contractors of the Company or any of its Subsidiaries (collectively, the "Employees") each employment, health, welfare, housing funds, incentive, incentive compensation, deferred compensation, share purchase, share compensation, share appreciation, insurance arrangement, material perquisite, phantom stock, disability, severance, vacation, termination, savings, profit sharing, pension, superannuation funds retirement benefit, pension scheme, retirement, supplement retirement, retention and fringe benefit plan, program, contract, program, policy, arrangement or agreement.

"Board of Directors" means the board of directors or similar governing body of any specified Person.

"Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions are generally authorized or required by law to close in any of the cities of New York, New York, Dallas, Texas, Hong Kong, Singapore or Shanghai, China.

"China" means the People's Republic of China, but solely for the purposes of this Agreement and other Transaction Agreements, excluding Hong Kong, Macau and Taiwan.

"China Business" means, collectively, (a) the business, operations and activities of or relating to the China Division conducted at any time prior to the Effective Time by the Parent or the Company or any of their current or former Subsidiaries, and (b) any terminated, divested or discontinued businesses, operations and activities that, at the time of termination, divestiture or discontinuation, primarily related to the business, operations or activities described in clause (a) as then conducted, including those set forth on Schedule 1.1 of the Separation and Distribution Agreement.

"China Division" means Parent's (and its Subsidiaries') businesses and operations in China prior to the Effective Time.

"Closing" has the meaning set forth in Section 2.3.

"Closing Date" has the meaning set forth in Section 2.3.

"Closing Price Per Share" means the price per share of Company Common Stock, expressed in U.S. Dollars, obtained by dividing (i) the Investor Purchase Price by (ii) the Number of Closing Shares.

"Code" has the meaning set forth in the Recitals.

"Company" has the meaning set forth in the Preamble.

"Company and Parent Fundamental Representations" means the representations and warranties of Parent and/or the Company, contained in Section 3.2(a)(i) (*Organization; Authority; Subsidiaries*), Section 3.2(b) (*Certificate of Incorporation and Bylaws*), Section 3.2(c)(i)-(v) (*Capital Structure*), Section 3.2(e) (*No Conflicts*) and Section 3.2(h) (*Brokers or Finders*).

"Company Common Stock" has the meaning set forth in the Recitals.

"Company Equity Plan" means any Benefit Plan that provides for the issuance or grant of (i) Company Common Stock as compensation for services, and/or (ii) compensatory awards that provide for the delivery of, relate to, are based on, and/or are valued by reference to, Company Common Stock, including in the form of stock options, stock appreciation rights, restricted stock units, or phantom units.

"Company Financial Statements" has the meaning set forth in Section 3.2(f)(ii).

"Company Lease" has the meaning set forth in Section 3.2(o)(ii).

"Company Permits" has the meaning set forth in Section 3.2(j)(ii).

"Company Voting Debt" has the meaning set forth in Section 3.2(c)(iii).

"Competing Business" has the meaning set forth in Schedule 1.1 attached hereto.

"Computer Software" means any and all (i) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow charts and other work products used to design, plan, organize and/or develop any of the foregoing, (iv) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (v) documentation, including user manuals and other training documentation, relating to

any of the foregoing; in each case, regardless of whether contained on computers owned by the Company and/or any of its Subsidiaries or stored in the cloud.

"Confidentiality Agreement" has the meaning set forth in Section 5.8.

"Contract" means any loan or credit agreement, note, instrument, mortgage, bond, indenture real estate or other lease or sublease, benefit plan, license, sublicense, memorandum of understanding, sales order, purchase order, open bid or other contract, agreement or obligation, in each case, including all amendments, modifications and supplements thereto and waivers and consents thereunder, whether written or oral**.**

"Designated Tax" means (i) any Tax assessed against or imposed on Parent, the Company or any of their respective Affiliates under the China Enterprise Income Tax Law, as amended, or (ii) any Tax assessed against or imposed on Parent, the Company or any of their respective Affiliates under the Chinese State Administration of Taxation Bulletin 7, in each case of (i) and (ii) solely to the extent (A) resulting from a change in Applicable Law after the date hereof or (B) arising out of the Distribution or a transaction described in the Plan of Reorganization.

"Distribution" has the meaning set forth in the Recitals.

"Effective Time" means the time at which the Distribution occurs, as such time is determined by Parent's Board of Directors in its sole discretion.

"Employee Matters Agreement" means the Employee Matters Agreement, between Parent and the Company, substantially in the form attached hereto as Exhibit B.

"Employees" has the meaning set forth in Section 1.1.

"Encumbrance" means any claim, lien (statutory or otherwise), charge, encumbrance, mortgage, pledge, hypothecation, security interest, deed of trust, option, covenant, lease or sublease, building or use restriction, easement, encroachment, conditional sales agreement or other encumbrance or contractual restriction (including any right of first refusal or first offer, call right, put right, tag along right, drag along right) of any kind or nature, preemptive right, title defect or other adverse claim of any third party, whether voluntarily or involuntarily incurred, arising by operation of Applicable Law, by contract or otherwise, and including any agreement (whether written or otherwise) to give any of the foregoing in the future.

"Engages" or "Engaged" has the meaning set forth in Schedule 1.1.

"Environmental Laws" has the meaning set forth in Section 3.2(p).

"Environmental Permits" has the meaning set forth in Section 3.2(p).

"Equity Securities" has the meaning set forth in the Shareholders Agreement.

"Exchange Act" has the meaning set forth in Section 3.1(b)(ii).

"Expiration Period" has the meaning set forth in Section 8.1.

"Form 10" means the registration statement filed with the SEC on Form 10 by the Company with respect to the shares of Company Common Stock to be distributed in the Distribution, as may be amended from time to time.

"GAAP" means United States generally accepted accounting principles, consistently applied.

"Government Official" has the meaning set forth in Section 3.2(n).

"Governmental Entity" has the meaning set forth in Section 3.1(b)(i).

"Increase Amount" has the meaning set forth in Section 2.4(b).

"Indemnified Persons" has the meaning set forth in Section 8.2(a).

"Injunction" has the meaning set forth in Section 6.1(a).

"Intellectual Property" means all worldwide intellectual property and proprietary rights and applications therefor, including (i) trademarks, service marks, trade dress, logos, trade names, service names, corporate names, domain names, brand, social and mobile media identifiers and other source indicators, including the associated goodwill (collectively, "Trademarks"), (ii) copyrights, patents, proprietary designs, Computer Software, databases, methods, processes, trade secrets (including recipes and formulae), know-how, inventions, confidential information and similar rights.

"Investment" has the meaning set forth in the Recitals.

"Investment Agreements" has the meaning set forth in Section 3.1(a).

"Investor" has the meaning set forth in the Preamble.

"Investor Purchase Price" has the meaning set forth in Section 2.1(a).

"Investor Shares" has the meaning set forth in Section 2.1(a).

"Investor Tax Affiliate" means any entity or individual (i) whose ownership of stock would be attributable to or aggregated with the Investor under Section 355(e)(4)(C) of the Code, (ii) who is a member of any "coordinating group" (within the meaning of Treasury Regulation Section 1.355-7(h)(4)) that includes the Investor, or (iii) who is acting pursuant to a "plan or arrangement" (within the meaning of Section 355(d)(7)(B) of the Code) with the Investor.

"Knowledge" means, (i) with respect to the Company, the actual knowledge of any of the persons set forth in Section 1.1 of the Disclosure Schedule, and (ii) with respect to the Investor, the actual knowledge of any of the persons set forth in Section 1.1 of the Investor Disclosure Schedule, as applicable.

"Leased Real Property" means all real property which is leased, subleased, licensed, or otherwise occupied by the Company or any of its Subsidiaries, as a lessee or sublessee.

"Losses" shall mean all actions, causes of actions, suits, claims, losses (including any diminution in value in the Investor Shares, the Warrants and/or the Warrant Shares) costs, charges, expenses (including reasonable attorneys' fees and disbursements), liabilities, settlement payments, awards, judgments, fines, penalties or damages.

"Lower Benchmark" means a price per share of Company Common Stock, expressed in U.S. Dollars, equal to the quotient obtained by dividing (x) (A) the product obtained by multiplying US$8,500,000,000 by 0.92 minus (B) US$460,000,000 by (y) the Number of Status Quo Shares.

"Master License Agreement" means the Master License Agreement between Yum! Restaurants Asia Pte. Ltd. and Yum Restaurants Consulting (Shanghai) Company Ltd., in the form attached hereto as Exhibit D.

"Material Adverse Effect" means any event, effect, change, circumstance or development that, individually or in the aggregate with other such events, effects, changes, circumstances or developments, has a material adverse effect on, (i) with respect to the Investor, on the one hand, or Parent or the Company, on the other hand, the ability of the Investor, or of Parent or the Company, as applicable, to consummate, the Investment or any of the transactions contemplated by this Agreement or (ii) with respect to the Company, the business, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole, including prior to the Distribution, the businesses and operations engaged in by Parent and its Subsidiaries that constitute the China Division taken as a whole, other than, in the case of this clause (ii), any event, effect, change, circumstance or development (A) relating in general to changes after the date hereof affecting general economic or political conditions in China, (B) changes after the date hereof generally affecting any of the markets, businesses, or industries in China, (C) relating to any action of Parent or the Company or any Subsidiary of either of them, in each case, taken after the date hereof and as required by this Agreement or taken with the express prior written consent of the Investor, (D) relating to the commencement, occurrence or continuation of any war, armed hostilities or acts of terrorism involving or affecting the United States of America, China or any other jurisdiction in which the Company or any of its Subsidiaries operates, (E) relating to financial, banking, or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (F) resulting from any failure by the Company to meet any internal or public projection, budget, estimate, forecast, estimate or expectation in respect of the Company's revenues, earnings or other financial or operating performance metrics for any period (but not the underlying causes of such failure), (G) resulting from the potential imposition (but not, for the avoidance of doubt, the actual imposition) of any Designated Tax, (H) due to changes, after the date hereof, in GAAP or the accounting rules and regulations of the SEC (I) after the date hereof relating to changes in Applicable Laws, including as to Taxes or (J) resulting from the announcement of the execution of this Agreement or any matter expressly set forth in the Transaction Agreements (but not

including any changes to the extent resulting from any delay of the Distribution); provided, that events, effects, changes, circumstances or developments set forth in the foregoing clauses (excluding clauses (C), (F) and (J)) shall be taken into account in determining whether a "Material Adverse Effect" has occurred or would reasonably be expected to occur if and to the extent any such events, effects, changes, circumstances, or developments, individually or in the aggregate, have a materially disproportionate impact on the Company and its Subsidiaries (or, as may be applicable, the businesses and operations engaged in by Parent and its Subsidiaries that constitute the China Division), taken as a whole, relative to the other participants in the industry or in China.

"Material Contracts" means each Contract to which the Company or any of its Subsidiaries is a party, which (i) is or would be required to be filed by the Company as a "material contract" pursuant to Item 601(b)(4) or Item 601(b)(10) of Regulation S-K under the Securities Act, (ii) limits or purports to limit the ability of the Company or any of its Subsidiaries to pay dividends, (iii) relates to or evidences third-party indebtedness for borrowed money of the Company or any of its Subsidiaries in an aggregate principal amount in excess of $100 million, (iv) is a limited liability company agreement, partnership agreement, joint venture agreement or other similar agreement relating to any partnership or joint venture that is material to the Company's business, other than any such limited liability company agreement, partnership agreement, joint venture agreement or other similar agreement with respect to a wholly-owned Subsidiary of the Company, (v) limits in any material respect the right of the Company or its Subsidiaries to engage or compete in any line of business that is material to the Company and its Subsidiaries as a whole, (vi) contains "most favored nation" pricing provisions, that would reasonably be expected to be material to the Company or its Subsidiaries, (vii) grants any exclusive rights, rights of first refusal, rights of first negotiation or similar rights to any Person, in each case in any respect material to the business of the Company and its Subsidiaries, taken as a whole, (viii) provides for the acquisition or disposition (pending as of the date hereof), directly or indirectly (by merger or otherwise), of assets or capital stock or other equity interests of another Person for aggregate consideration under such Contract in excess of $200 million, (ix) is an acquisition or disposition Contract pursuant to which the Company or its Subsidiaries has continuing indemnification, "earn-out" or other contingent payment obligations, in each case, that could reasonably be expected to result in payments by the Company in excess of $100 million, (x) calls for or could reasonably expected to require aggregate payments by the Company or its Subsidiaries in excess of $50 million over the remaining term of such Contract, or in excess of $50 million in any twelve month period or(xi) is a Contract between or among the Company or its Subsidiaries, on the one hand, and Parent, on the other hand, that is material to the business of the Company as a whole; provided that none of the Transaction Agreements or Investment Agreements shall constitute a Material Contract.

"Measurement Period" means the period of time consisting of each trading day for shares of Company Common Stock on the New York Stock Exchange occurring over the period of time beginning on the thirty-first (31st) calendar day following the Effective Time and ending on the sixtieth (60th) calendar day following the Effective Time.

"Name License Agreement" means the Name License Agreement, between Parent and the Company, substantially in the form attached hereto as Exhibit E.

"Non-Liable Persons" has the meaning set forth in Section 9.16.

"Number of Additional Shares" has the meaning set forth in Section 2.4(c).

"Number of Closing Shares" means the number of shares of Company Common Stock to be issued to the Investor at the Closing pursuant to Section 2.1(a), which number shall be equal to the product obtained by multiplying (x) the quotient obtained by dividing (A) the product obtained by multiplying the Number of Status Quo Shares by 5.0% by (B) 0.95 by (y) the fraction obtained by dividing 50,000,000 by 460,000,000.

"Number of Repurchased Shares" has the meaning set forth in Section 2.4(b).

"Number of Status Quo Shares" means the number of shares of Company Common Stock issued and outstanding as of the Effective Time (disregarding, for the avoidance of doubt, the shares of Company Common Stock to be issued to the Investor hereunder and to PV under the PV Investment Agreement).

"Parent" has the meaning set forth in the Preamble.

"Parent Common Stock" has the meaning set forth in Section 3.1(i).

"Parties" has the meaning set forth in the Preamble.

"Permitted Property Encumbrances" has the meaning set forth in Section 3.2(o)(i).

"Person" means an individual, corporation, limited liability company, partnership, association, joint venture, trust, unincorporated organization, other entity or group (as defined in the Exchange Act), including any Governmental Entity.

"Plan of Reorganization" has the meaning set forth in the Recitals.

"PV" has the meaning set forth in the Recitals.

"PV Closing" has the meaning ascribed to "Closing" in the PV Investment Agreement.

"PV Closing Date" has the meaning ascribed to "Closing Date" in the PV Investment Agreement.

"PV Investment Agreement" has the meaning set forth in the Recitals.

"PV Investor Shares" has the meaning ascribed to "Investor Shares" in the PV Investment Agreement.

"PV Warrant 1 Shares" has the meaning ascribed to "Warrant 1 Shares" in the PV Investment Agreement.

"Reduction Amount" has the meaning set forth in Section 2.4(c).

"Related Party Agreement" means (i) any Contract between, on the one hand, the Parent and its Subsidiaries (other than the Company and its Subsidiaries) and, on the other hand, the Company and its Subsidiaries entered into prior to the Closing; provided that the Transaction Agreements and the Investment Agreements, shall not be deemed "Related Party Agreements" and (ii) any Contract between, on the one hand, the Company or its Subsidiaries, and, on the other hand, any of their respective officers and directors or Affiliates of their respective officers and directors; provided that any Contract that is a Benefit Plan shall not be deemed to be a "Related Party Agreement".

"Required PRC Regulatory Procedures" means filings by the applicable Affiliate of the Investor with, and the receipt by such Affiliate of the Investor of a certificate acknowledging completion of the filing from, the local equivalent agencies of the China (Shanghai) Pilot Free Trade Zone of each of the PRC Ministry of Commerce and the PRC National Development and Reform Commission, respectively, in respect of the transactions contemplated hereby.

"Restaurant" means any retail restaurant facilities primarily identified by any of the following brand names: (i) (a) "KFC" (or "Kentucky Fried Chicken"), (b) "Pizza Hut" (including Pizza Hut Dine-In and Pizza Hut Home Service), and (c) "Taco Bell" (in each case, including the Mandarin language equivalents and derivatives thereof) and/or (ii) which use any Intellectual Property of the Parent and its Subsidiaries used in connection with the conduct of the business of the Parent and its Subsidiaries as of the date of this Agreement, and that conducts the offer and sale of authorized products and services through dine-in, carry-out, catering, delivery, kiosk, on-line methods of distribution, centralized kitchens/commissaries, and such other methods of distribution as the Parties may mutually agree, including the offer of premiums, and all other related promotional activities (but does not include the sale of any products for resale).

"SEC" means the United States Securities and Exchange Commission.

"SEC Reports" has the meaning set forth in Section 3.1(j)(ii).

"Securities Act" has the meaning set forth in Section 3.1(b)(ii).

"Separation and Distribution Agreement" has the meaning set forth in the Recitals.

"Share Award" means any issuance or grant under any Company Equity Plan.

"Shareholders Agreement" has the meaning set forth in Section 5.3(a).

"Subsidiary" means, when used with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (i)

Beneficially Owns, either directly or indirectly, more than fifty percent (50%) of (A) the total combined voting power of all classes of voting securities, (B) the total combined equity interests, or (C) the capital or profit interests, in the case of a partnership, or (ii) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the Board of Directors of such Person. Unless the context otherwise requires, a reference to a "Subsidiary" of the Company shall be a reference to any Person included in the SpinCo Group (as such term is defined in the Form of Separation and Distribution Agreement attached hereto as Exhibit A), other than the Company.

"Tax" (and, with correlative meaning, "Taxes" and "Taxable") means any U.S. federal, state, local or foreign tax (including any fee, assessment or other charge in the nature of or in lieu of any tax), including without limitation income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, ad valorem, escheat, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, value added, custom, withholding, alternative minimum, estimated or other similar tax (including any fee, assessment or other charge in the nature of or in lieu of any tax) imposed by any Governmental Entity and any interest, penalties, additions to tax or additional amounts in respect of the foregoing.

"Tax Matters Agreement" means the Tax Matters Agreement among Parent, the Company and Yum Restaurants Consulting (Shanghai) Company Limited, in the form attached hereto as Exhibit C.

"Tax Return" has the meaning set forth in the Tax Matters Agreement.

"Transaction Agreements" means, collectively, the Separation and Distribution Agreement, the Employee Matters Agreement, the Tax Matters Agreement, the Master License Agreement, the Name License Agreement, the Transition Services Agreement, and the other agreements, if any (excluding the Investment Agreements), entered into or to be entered into in connection with the Distribution.

"Transactions" has the meaning set forth in the Recitals.

"Transition Services Agreement" has the meaning set forth in Section 5.6.

"Upper Benchmark" means a price per share of Company Common Stock, expressed in U.S. Dollars, equal to the quotient obtained by dividing (x) (A) the product obtained by multiplying US$11,500,000,000 by 0.92 minus (B) US$460,000,000 by (y) the Number of Status Quo Shares.

"Warrant 1" has the meaning set forth in Section 2.4(d).

"Warrant 2" has the meaning set forth in Section 2.4(d).

"Warrants" has the meaning set forth in Section 2.4(d).

"Warrant 1 Shares" has the meaning set forth in Section 2.4(d).

"Warrant 2 Shares" has the meaning set forth in Section 2.4(d).

"Warrant Shares" has the meaning set forth in Section 2.4(d).

ARTICLE II

INVESTMENT

Section 2.1 Investment.

(a) Upon the terms and subject to the conditions of this Agreement, at the Closing, the Company shall issue and sell to the Investor and the Investor shall purchase and subscribe from the Company a number of newly-issued shares of Company Common Stock equal to the Number of Closing Shares (as may be adjusted pursuant to Section 2.4, the "Investor Shares"), representing approximately 0.5435% of the issued and outstanding shares of Company Common Stock as of the PV Closing after giving effect to such issuance and sale and the issuance and sale of the shares of Company Common Stock pursuant to the PV Investment Agreement; provided, that in the event that the Closing takes place more than two (2) Business Days after the expiration of the Measurement Period, the number of shares of Company Common Stock that the Company shall issue to Investor at the Closing pursuant to this Section 2.1(a) shall be increased by the Number of Additional Shares or reduced by the Number of Repurchased Shares, as applicable, as if the Closing had taken place prior to the expiration of the Measurement Period and the adjustments, if any, under Section 2.4(b) or (c) were completed at the Closing (such adjusted number of shares, the "Adjusted Number of Closing Shares") and each of the Adjusted Number of Closing Shares shall be deemed to be "Investor Shares" for purposes of this Agreement and there shall be no further adjustment under Section 2.4 hereof. The Investor Shares shall, immediately upon issuance, be subject to the transfer restrictions and other terms and conditions set forth herein and in the Shareholders Agreement and otherwise free of Encumbrances, except as imposed by applicable securities laws. In consideration for the issuance and sale of the Investor Shares and the subsequent issuance of the Warrants, and upon the terms and subject to the conditions of this Agreement, at the Closing, subject to completion of the matters referred to in Section 2.2(a), the Investor shall pay, or cause to be paid, to the Company, an amount equal to US$50,000,000 (the "Investor Purchase Price") in accordance with Section 2.2(b)(iii).

(b) Upon the terms and subject to the conditions set forth in this Agreement, the Company shall issue to the Investor the Warrants (as defined below) in accordance with, and at the time specified in, Section 2.4(d) hereof.

Section 2.2 Closing Deliverables. At the Closing, upon the terms and subject to the conditions of this Agreement:

(a) Parent and the Company shall deliver or cause to be delivered to the Investor:

(i) a counterpart to the Shareholders Agreement duly executed by the Company;

(ii) a certificate or certificates or appropriate evidence of a book entry transfer representing the Investor Shares duly registered in the name of the Investor;

(iii) the executed officer's certificate required pursuant to Section 6.2(d); and

(iv) if the Investor has executed an acknowledgement reasonably acceptable to Parent that stipulates customary non-reliance and non-disclosure covenants with respect to the opinion, a true and complete copy of the opinion of Mayer Brown LLP delivered to Parent concluding that the Distribution "will" qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 361 of the Code (other than with respect to cash received in lieu of fractional shares), which opinion shall not have been amended, replaced or revoked after the date of such opinion.

(b) The Investor shall deliver or cause to be delivered to the Company:

(i) a counterpart to the Shareholders Agreement duly executed by the Investor (or, if the Closing shall occur after the PV Closing, a deed of adherence in the form of Exhibit D of the Shareholders Agreement);

(ii) the executed officer's certificate required pursuant to Section 6.3(c); and

(iii) the Investor Purchase Price by wire transfer of immediately available funds to an account designated by the Company (which account shall be designated by written notice from the Company to the Investor at least three (3) Business Days prior to the Closing Date).

Section 2.3 Closing. Subject to the terms and conditions of this Agreement, the closing of the purchase and sale of the Investor Shares as contemplated by this Agreement (the "Closing") shall take place on the later of (a) immediately following the Effective Time or (b) subject to Section 7.1(c), three (3) Business Day following the satisfaction or waiver of the conditions to the obligations of the Parties set forth in ARTICLE VI (the date on which the Closing occurs, "Closing Date"), at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York, unless another time and place is agreed to in writing by the Parties. Parent and the Company shall notify the Investor in writing the anticipated Effective Time not less than ten (10) Business Days and not more than twenty (20) Business Days in advance of the Effective Time.

Section 2.4 Post-Closing Adjustment; Warrants Issuance.

(a) No later than two (2) Business Days following the expiration of the Measurement Period, the Parties shall in good faith determine the Adjusted VWAP Price Per Share.

(b) Subject to the proviso in Section 2.1(a), if the Adjusted VWAP Price Per Share exceeds the Closing Price Per Share (such excess, the "Increase Amount"), then within five (5) Business Days of the expiration of the Measurement Period, the Company shall (i)

repurchase for par value per share a number of Investor Shares (rounded down to the nearest whole share) (which repurchased shares shall, for purposes of this Agreement, cease to be deemed Investor Shares), equal to the quotient obtained by dividing (w) the product obtained by multiplying (A) the Increase Amount and (B) the Number of Closing Shares by (x) the Adjusted VWAP Price Per Share (such number of repurchased shares, the "Number of Repurchased Shares"). The Investor agrees to reasonably cooperate with the Company in connection with this Section 2.4(b), which cooperation shall include the prompt surrendering to the Company of the certificate(s), if any, evidencing the Investor Shares necessary to facilitate the issuance of one or more new certificates by the Company.

(c) Subject to the proviso in Section 2.1(a), if the Closing Price Per Share exceeds the Adjusted VWAP Price Per Share (such excess, the "Reduction Amount"), then within five (5) Business Days of the expiration of the Measurement Period, the Company shall (i) issue to the Investor for par value per share a number of newly issued shares of Company Common Stock (rounded down to the nearest whole share) (which newly issued shares shall, for purposes of this Agreement, also be deemed Investor Shares), equal to the quotient obtained by dividing (w) the product obtained by multiplying (A) the Reduction Amount by (B) the Number of Closing Shares by (x) the Adjusted VWAP Price Per Share (such number of additional shares, the "Number of Additional Shares"), and (ii) deliver or cause to be delivered to the Investor a certificate or certificates or appropriate evidence of a book entry transfer representing such newly issued shares, duly registered in the name of the Investor.

(d) No later than ten (10) Business Days following the expiration of the Measurement Period, or, if the Closing takes place more than ten (10) Business days following the expiration of the Measurement Period, no later than ten (10) Business Days following the Closing, the Company shall issue to the Investor, for no additional consideration, (A) a warrant to purchase that certain number of newly issued shares of Company Common Stock (rounded up to the nearest whole share), subject to adjustment in accordance with its terms (the "Warrant 1 Shares") in the form attached hereto as Annex A-1 ("Warrant 1"), such that, after giving effect to the exercise by the Investor of the Warrant 1 and the receipt by the Investor of the Warrant 1 Shares, the Investor will own, relative to the shareholding percentage of the Investor immediately after the Closing (assuming, for purposes of calculating such shareholding percentage under this Section 2.4(d), that the adjustments, if any, pursuant to Section 2.4(b) or Section 2.4(c) were completed at the Closing), an additional 0.2173913% of the number of issued and outstanding shares of Company Common Stock as of immediately after the PV Closing (assuming, for purposes of calculating such number of issued and outstanding shares of Company Common Stock under this Section 2.4(d), that (x) the Investor Shares were issued at the PV Closing, the adjustments, if any, pursuant to Section 2.4(b) or Section 2.4(c) were completed at the PV Closing, and the Warrant 1 Shares were issued at the PV Closing, and (y) the PV Investor Shares (as may be adjusted) and the PV Warrant 1 Shares were issued at the PV Closing) and (B) a warrant to purchase a number of newly issued shares of Company Common Stock equal to the number of Warrant 1 Shares as determined in the immediately preceding clause, subject to adjustment in accordance with its terms (the "Warrant 2 Shares," and together with the Warrant 1 Shares, the "Warrant Shares") in the form attached hereto as Annex A-2 ("Warrant 2," and together with Warrant 1, the "Warrants").

Section 2.5 Illustrative Calculations. Schedule 2.5 sets forth an illustrative example of the calculations of (a) the Number of Closing Shares under Section 2.1(a); (b) the Upper Benchmark and the Lower Benchmark (and the adjustments pursuant to Section 2.4(b) and 2.4(c)); and (c) the number of Warrant 1 Shares and the number of Warrant 2 Shares under Section 2.4(d).

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of Investor. The Investor hereby represents and warrants to Parent and the Company as of the date hereof and as of the Closing (unless any representations and warranties expressly relate to another date, in which case as of such other date) that:

(a) Organization; Authority. The Investor is a company duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, with all requisite power and authority to enter into this Agreement and the Shareholders Agreement (collectively, the "Investment Agreements") and to consummate the transactions contemplated thereby and otherwise to carry out its obligations hereunder or thereunder. The execution and delivery of each of the Investment Agreements by the Investor and the consummation by the Investor of the transactions contemplated hereby or thereby have been duly authorized by all necessary internal action on the part of the Investor. This Agreement has been, and upon their execution the other Investment Agreements to which the Investor is a party shall have been, duly executed by the Investor and, when delivered by the Investor in accordance with the terms hereof and thereof, and assuming the due authorization and valid execution and delivery of this Agreement or the other Investment Agreements by the other parties hereto and thereto, as applicable, this Agreement constitutes, and upon their execution and delivery the other Investment Agreements to which the Investor is a party will constitute, legal, valid and binding obligations of the Investor, enforceable against it in accordance with its terms, except as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally.

(b) No Conflicts.

(i) The execution, delivery and performance by the Investor of this Agreement and the other Investment Agreements to which the Investor is a party do not and will not, and the consummation of the Investment and the transactions contemplated hereby and thereby will not (A) conflict with or violate any provision of the Investor's organizational documents, (B) conflict with or result in any breach or violation of, or constitute a default (with or without notice or lapse of time, or both) under, or give rise to a right of or result by its terms in the creation of any Encumbrance upon any of the properties or assets of the Investor pursuant to, or give to others any rights of termination, amendment, acceleration or cancellation (with or without

notice, lapse of time or both) of, any Contract to which the Investor or any of its Affiliates is a party or by which any property or asset of the Investor or any of its Affiliates is bound or affected, or (C) subject to completion of the Required PRC Regulatory Procedures,

conflict with or result in a violation of any Applicable Law or other restriction of any supranational, national, federal, state, province, municipal, local or foreign government, any instrumentality, subdivision, court, agency, board, department, tribunal, commission or other authority thereof, any public international organization, any arbitral tribunal, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority (a "Governmental Entity") to which the Investor or any of its Affiliates is subject (including federal, state and foreign securities laws and regulations), or by which any property or asset of the Investor or any of its Affiliates is bound or affected; except in the case of each of clauses (B) and (C), such as has not had and would not reasonably be expected to have a material adverse effect on the legality, validity or enforceability of any Investment Agreement or a Material Adverse Effect on Investor.

(ii) No consent, waiver, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity or any other Person is required to be obtained or made by or with respect to the Investor or any of its Affiliates in connection with the execution and delivery of the Investment Agreements or the consummation by the Investor of the Investment and other transactions contemplated thereby, except for those required under or in relation to (A) state securities or "blue sky" laws or regulations, (B) the Securities Act of 1933, as amended (the "Securities Act"), (C) the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (D) the rules and regulations of the New York Stock Exchange, and (E) the Required PRC Regulatory Procedures.

(c) Litigation; Compliance with Laws.

(i) There is no litigation, suit, claim, charge, action, arbitration, demand letter, or any judicial, criminal, administrative or regulatory proceeding, hearing, investigation, or formal or informal regulatory document production request, regulatory or accrediting agency investigation or other proceeding (an "Action") pending or, to the Knowledge of the Investor, threatened against the Investor or any share, security, equity interest, property or asset of Investor or any Affiliate of the Investor which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on the Investor, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against the Investor or any Affiliate of Investor which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on Investor.

(ii) Neither the Investor nor any of its Affiliates is in violation of, and neither the Investor nor any of its Affiliates has received any written notices of violations with respect to, any Applicable Law, except for violations which, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect on the Investor.

(d) Other Investments.

(i) Neither the Investor nor any of its Affiliates Engages in a Competing Business.

(ii) Except for the Investment or as set forth on Schedule 3.1(d)(ii) attached hereto, neither the Investor nor any of its Affiliates Beneficially Owns any Equity Securities or otherwise holds any investment in any Person that Engages in the operation and/or management of, one or more Restaurants.

(e) Sufficient Funds. On or prior to the Closing, the Investor will have sufficient funds available to it to pay the full Investor Purchase Price at the Closing in accordance with the terms and conditions hereof.

(f) Brokers or Finders. No agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any broker's or finder's fee or any other similar commission or fee in connection with any of the transactions contemplated by the Investment Agreements based upon arrangements made by or on behalf of the Investor or any of its Affiliates, other than such Person, if any, whose fees and expenses shall be paid solely by the Investor (or its Affiliates but not, for the avoidance of doubt, the Parent, Company or any of its Subsidiaries from and after the Closing).

(g) Acquisition for Investment. The Investor is acquiring the Investor Shares and the Warrants for its own account for the purpose of investment and not with a view to or for sale in connection with any distribution thereof, and the Investor has no present intention or plan to effect any distribution of shares of Company Common Stock.

(h) No Investment Company. The Investor is not, and after giving effect to the Investment will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(i) Ownership of Stock. Neither Investor nor any Investor Tax Affiliate owns any shares, or options to acquire shares, of Parent common stock, no par value per share ("Parent Common Stock"), or has any arrangement or agreement with the Company to acquire any shares, or options to acquire shares, of capital stock of the Company or any of its Subsidiaries (other than the Investor Shares and Warrants (and Warrant Shares)).

(j) Investor Status.

(i) At the time the Investor was offered the Investor Shares and issued the Warrants, it was, and as of the Closing Date it is, an "accredited investor" as defined in Regulation D, Rule 501(a), promulgated under the Securities Act.

(ii) The Investor has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Investor Shares and the Warrants, and has so evaluated the merits and risks of such investment. The Investor has had the opportunity to review the Form 10 and the other forms, reports and documents filed by Parent and its Subsidiaries with the SEC prior to the date hereof since January 1, 2013 (collectively, including all exhibits thereto, the "SEC Reports") and the Company Financial Statements

and to ask questions of, and receive answers from, representatives of Parent and the Company concerning the Company and the Investor Shares and Warrants (and Warrant Shares). The Investor understands that its investment in the Investor

Shares and the Warrants involves a significant degree of risk, including a risk of potential total loss of the Investor's investment. The Investor understands that all currently outstanding shares of Company Common Stock are currently owned by Parent and, therefore, Company Common Stock has no trading history and that no representation is being made as to the future value of Company Common Stock. The Investor is able to bear the economic risk of an investment in the Investor Shares and is able to afford a complete loss of such investment.

(k) Restricted Securities. The Investor understands that the Investor Shares and the Warrants (and the Warrant Shares) are being offered and sold to it in reliance upon specific exemptions from the registration requirements of the Securities Act and state securities laws and that Parent and the Company are relying upon the truth and accuracy of, and the Investor's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Investor set forth herein to determine the availability of such exemptions and the eligibility of the Investor to acquire the Investor Shares and Warrants (and Warrant Shares). Without limiting the generality of the provisions of the Shareholders Agreement relating to Permitted Loans and the Issuer Agreements referenced therein, the Investor understands that, until such time as a registration statement under the Securities Act covering the Investor Shares and/or Warrant Shares and the Warrants, as applicable, has been declared effective by the SEC and the Investor Shares and/or Warrant Shares, as applicable, may be sold without any restriction as to the number of securities as of a particular date that can then be immediately sold, the certificates, to the extent the Investor Shares are in certificated form, evidencing the Investor Shares, and the certificates or other instruments representing the Warrants and the Warrant Shares will bear a restrictive legend (and, except with respect to beneficial interests in Investor Shares held through the facilities of The Depository Trust Company, appropriate comparable notations or other arrangements will be made with respect to any uncertificated Investor Shares) in substantially the following form:

> **"The securities evidenced by this certificate have been issued and sold without registration under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other foreign, federal, state, local or other jurisdiction (a "Foreign or State Act"). The securities evidenced by this certificate cannot be sold, assigned or otherwise transferred unless such sale, assignment or other transfer is (i) made pursuant to an effective registration statement under the Securities Act and in accordance with each applicable Foreign or State Act or (ii) exempt from, or not subject to, the Securities Act (including pursuant to Regulation S thereunder) and each applicable Foreign or State Act. If the proposed sale, assignment or other transfer will be made pursuant to clause (ii) above, the holder must, prior to such sale, assignment or other transfer, furnish to the issuer such certifications, legal opinions and other information as the issuer may reasonably require to determine that such sale, assignment or other transfer is being made in accordance with such clause."**

Without limiting the generality of the provisions of the Shareholders Agreement relating to Permitted Loans and the Issuer Agreements referenced therein, whenever the restrictions

imposed by the legend set forth above shall terminate as to any Investor Shares or Warrant Shares, as herein provided, the Investor further understands that it shall, only upon furnishing the Company with an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Company, to the effect that the restrictions imposed by the legend set forth above have terminated as to such Investor Shares or Warrant Shares, be entitled to receive from the Company, without expense, a new certificate not bearing the restrictive legend set forth above and not containing any other reference to the restrictions imposed by such legend.

In addition, for so long as the Investor Shares and Warrant Shares are subject to transfer restrictions contained in the Shareholders Agreement, the certificates, to the extent the Investor Shares are in certificated form, representing the Investor Shares and Warrant Shares will also bear the following legend (and, except with respect to beneficial interests in Investor Shares held through the facilities of The Depository Trust Company, appropriate comparable notations or other arrangements will be made with respect to any uncertificated Investor Shares):

> **"The securities evidenced by this certificate are subject to restrictions on transfer set forth in the Shareholders Agreement dated [•], 2016, among the Company and certain other parties thereto (a copy of which is on file with the Secretary of the Company)."**

The Investor understands that no U.S. federal or state agency or any other Governmental Entity has passed upon or made any recommendation or endorsement of the Investor Shares or Warrant Shares or the fairness or suitability of the investment in the Investor Shares or Warrant Shares nor have such authorities passed upon or endorsed the merits of the offering of the Investor Shares.

(l) No Other Representations and Warranties. The representations and warranties set forth in this Section 3.1 are the only representations and warranties made by the Investor (or any of its respective Affiliates) with respect to the transactions contemplated by this Agreement. Except for the representations and warranties expressly set forth in Section 3.2 or in the Shareholders Agreement, the Investor hereby disclaims any and all reliance on any projections, forecasts, estimates, plans or prospects (including the reasonableness of the assumptions underlying such forecasts, estimates, projections, plans or prospects), management presentations, financial statements, internal ratings, financial information, appraisals, statements, promises, advice, data or information made, communicated or furnished (orally or in writing, including electronically), by or on behalf of Parent or the Company or any of their respective Affiliates, to the Investor or any of its Affiliates or representatives, including omissions therefrom.

Section 3.2 Representations and Warranties of Parent and the Company. Parent and the Company hereby jointly represent and warrant to the Investor as of the date hereof and as of the Closing (unless any representations and warranties expressly relate to another date, in which case as of such other date) that, except (i) as disclosed in the Form 10 made publicly available on the SEC's EDGAR system on or prior to the date of this Agreement (excluding any disclosures set forth in the Form 10 under the headings "*Risk Factors*" and "*Cautionary Statement Concerning Forward-Looking Statements*"), or (ii) as disclosed in the Disclosure Schedule (it being understood that the disclosure of any fact or item in any section of the Disclosure

Schedule will, should the existence of such fact or item be relevant to any other section, be deemed to be disclosed with respect to that other section only to the extent that its relevance is reasonably apparent, provided that notwithstanding the foregoing, any disclosure intended to qualify the representation and warranty in Section 3.2(r)(i)(B) shall be specifically set forth in Section 3.2(r)(i)(B) of the Disclosure Schedule and shall not be implied from any other section of the Disclosure Schedule).

(a) Organization; Authority; Subsidiaries.

(i) Each of Parent and the Company are corporations duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation, with all requisite power and authority to enter into the Investment Agreements and to consummate the transactions contemplated hereby and otherwise to carry out their respective obligations hereunder. Prior to the Effective Time, each of Parent and the Company will have all requisite power and authority to enter into the Transaction Agreements and to consummate the transactions contemplated thereby and otherwise to carry out their respective obligations thereunder. The execution and delivery of each of the Investment Agreements by Parent and the Company and the consummation by Parent and the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Parent and the Company. The execution and delivery of each of the Transaction Agreements by Parent and the Company and the consummation by Parent and the Company of the transactions contemplated thereby will, prior to the Effective Time, have been duly authorized by all necessary corporate action on the part of Parent and the Company. This Agreement has been, and upon their execution each other Investment Agreement and Transaction Agreement to which Parent, the Company, or such Subsidiary is a party shall have been, duly executed by Parent, the Company or the applicable Subsidiary of Parent or the Company and, when delivered by Parent, the Company or such Subsidiary in accordance with the terms hereof or thereof, and assuming the due authorization and valid execution and delivery of this Agreement or the other Investment Agreements or Transaction Agreements by the other parties hereto and thereto, as applicable, will constitute legal, valid and binding obligations of Parent, the Company or such Subsidiary (as applicable), enforceable against it in accordance with its terms, except as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally.

(ii) Each of the Subsidiaries of the Company is, or as of the Closing will be, a corporation or other organization duly organized, validly existing and in good standing or active status (where applicable) under the laws of its jurisdiction of incorporation or organization, and the Company and each of its Subsidiaries has (or prior to the Closing will have) the requisite power and authority to own, lease and operate its properties and to carry on the business of the China Division as now being conducted and will be conducted through the Effective Time, except where the failure to be in good standing or to have such power and authority, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect.

(b) Certificate of Incorporation and Bylaws. The Company has heretofore furnished to the Investor a complete and correct copy of the certificate of incorporation and bylaws, each as amended or modified as of the date hereof, of the Company. Such certificate of

incorporation and bylaws are in full force and effect. The Company is not in violation of any of the provisions of its certificate of incorporation and bylaws in any material respect.

(c) Capital Structure.

(i) As of the date of this Agreement, and without giving effect to, the Investment, the Company's authorized capital stock consists of 5,000 shares of Company Common Stock, of which 1,003 are issued and outstanding. All of the shares of Company Common Stock that are issued and outstanding are, as of the date hereof and at all time periods prior to the Distribution will be, owned of record and beneficially by Parent or a wholly-owned Subsidiary of Parent free and clear of any Encumbrances, except as imposed by applicable securities laws. As of the date hereof and the Closing Date, other than up to 46,000,000 shares of Company Common Stock that are expected to be reserved for issuance pursuant to future awards under Company Equity Plans and the number of Investor Shares and PV Investor Shares that will be reserved for issuance, the Company has no shares of Company Common Stock reserved for issuance. There are no other shares of capital stock or other equity securities (including securities convertible, exercisable or exchangeable for capital stock) of the Company that are outstanding. All issued and outstanding shares of Company Common Stock are duly authorized, validly issued, fully paid and nonassessable and the holders of shares of Company Common Stock are not entitled to preemptive rights.

(ii) Immediately upon the Closing, the Investor Shares will be (and the additional Investor Shares, if any, issued pursuant to Section 2.4 will be, when so issued) duly authorized, validly issued, fully paid and nonassessable, and will be owned of record and beneficially by the Investor, free and clear of any Encumbrances other than the transfer restrictions and other terms and conditions set forth herein and in the Shareholders Agreement.

(iii) No bonds, debentures, notes or other indebtedness of the Company having the right to vote (or convertible into or exchangeable for securities having the right to vote) on any matters on which shareholders of the Company may vote ("Company Voting Debt") are issued or outstanding.

(iv) The outstanding share capital or registered capital, as the case may be, of each Subsidiary of the Company is duly authorized, validly issued, fully paid and non-assessable, and all of the outstanding share capital or registered capital, as the case may be, of each such Subsidiary is owned, directly or indirectly, by the Company free and clear of any Encumbrances and free of any other material restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other equity interests, but excluding restrictions under the Securities Act or other Applicable Law relating to securities). The registered capital of each of the Subsidiaries of the Company incorporated in China has been fully contributed, as certified by accountants qualified in China, and any registered capital contributed in non-cash assets has been fully evaluated and verified by valuers qualified in China. Except as set forth in Section 3.2(c)(iv) of the Disclosure Schedule, none of the Company or any of its Subsidiaries directly or indirectly owns any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity or similar interest in, any corporation, partnership, joint venture or other business association or entity (other than

Subsidiaries of the Company) that is or would reasonably be expected to be material to the Company and its Subsidiaries taken as a whole.

(v) Except as set forth in Section 3.2(c)(v), other than the Investor Shares and the Warrants (and the Warrant Shares), there are no securities, options, warrants, calls, share appreciation rights, performance units, restricted share units, contingent value rights, "phantom" share units or similar securities or rights that are derivative of, or provide economic benefits based, directly or indirectly, on the value or price of, any share capital or other equity interests in, the Company or any of its Subsidiaries, or any other commitments, agreements, arrangements or undertakings of any kind to which Parent, the Company or any of their respective Subsidiaries is a party or by which any of them is bound obligating Parent, the Company or any of their respective Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock of the Company or any of its Subsidiaries, Company Voting Debt, Company Common Stock or other voting securities (including securities convertible, exercisable or exchangeable for capital stock) of the Company or any of its Subsidiaries or obligating the Company or any of its Subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, share appreciation right, performance unit, restricted share unit, contingent value right, "phantom" share unit or similar security or right derivative of, or providing economic benefits based, directly or indirectly, on the value or price of, any share capital or other equity interests in, the Company or any of its Subsidiaries, or any other commitment, agreement, arrangement or undertakings of any kind. There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock or equity interest (including any security convertible, exercisable or exchangeable for any equity interest) of the Company or any of its Subsidiaries or to provide funds to, or make investment (in the form of a loan, capital contribution or otherwise) in, the Company or any of its Subsidiaries or any other Person.

(vi) Other than the Investment Agreements, there are no shareholder agreements, voting trusts or other contracts to which the Company is a party or by which it is bound relating to the voting of any shares of capital stock of the Company.

(vii) Except as set forth on Section 3.2(c)(vii) of the Disclosure Schedule, there is no outstanding indebtedness for borrowed money of the Company or its Subsidiaries (other than indebtedness for borrowed money owing by the Company or a wholly owned Subsidiary of the Company to the Company or a wholly owned Subsidiary of the Company).

(d) The Warrants and Warrant Shares. Each Warrant, when issued in accordance with this Agreement, will have been duly authorized by the Company and will constitute a valid and legally binding obligation of the Company in accordance with its terms, in each case except as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and the Warrant Shares will have been duly authorized and reserved for issuance upon exercise of the applicable Warrant and when so issued will be validly issued, fully paid and non-assessable, and free and clear of any Encumbrances, other than liens or encumbrances created by this Agreement and the Shareholders Agreement,

arising as a matter of applicable law or created by or at the direction of any Investor or any of its Affiliates.

(e) No Conflicts.

(i) The execution, delivery and performance by the Company of the Shareholders Agreement, and the execution delivery and performance by Parent and the Company of this Agreement do not, and the execution and delivery by Parent, the Company and their respective Subsidiaries, as applicable, of the Transaction Agreements with respect to which Parent, the Company or their respective Subsidiaries is contemplated thereby to be a party will not, and the consummation of the Investment and the transactions contemplated hereby and thereby will not (A) conflict with or violate any provision of Parent's, the Company's or their respective Subsidiaries' articles or certificate of incorporation, bylaws or similar organizational documents or (B) conflict with or result in any breach or violation of, or constitute a default (with or without notice or lapse of time, or both) under, or give rise to a right of or result by its terms in the creation of any Encumbrance upon any of the properties or assets of Parent, the Company and their Subsidiaries pursuant to, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time, or both) of, any Contract to which Parent or the Company or any of their Subsidiaries is a party or by which any property or asset of Parent or the Company or any of their Subsidiaries is bound or affected in any material respect, or (C) conflict with or result in a violation of any Applicable Law or other restriction of any Governmental Entity to which Parent or the Company or any of their Subsidiaries is subject (including federal, state and foreign securities laws and regulations), or by which any property or asset of Parent or the Company or any of their Subsidiaries is bound or affected in any material respect; except in the case of each of clauses (B) and (C), such as has not had and would not reasonably be expected to result in a material adverse effect on the legality, validity or enforceability of any Investment Agreement or a Material Adverse Effect on Parent or the Company.

(ii) No material consent, waiver, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity or any other Person is required to be obtained or made by or with respect to Parent, the Company or any of their Subsidiaries in connection with the execution and delivery of the Investment Agreements, Transaction Agreements, or the consummation of the Investment and the transactions contemplated hereby.

(f) Reports and Financial Statements.

(i) As of the date of this Agreement, neither the Company nor any of its Subsidiaries is required to file any form, report or other document with the SEC, except that the Form 10 must be filed with the SEC and become effective under the Exchange Act to effect the Distribution.

(ii) The combined balance sheets of the Company as of December 31, 2015 and 2014 and the related combined statements of income (loss), comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2015, as audited by the Company's independent public accountants, whose report thereon is

included therewith, and (ii) the condensed combined balance sheet of the Company as of May 31, 2016 and the related condensed combined statements of income (loss), comprehensive income (loss), and cash flows for the year to date ended May 31, 2016 (such statements, together with the notes thereto, the "Company Financial Statements"), in each case of (i) and (ii), together with notes thereto and as included under the heading "Index to Financial Information" in the Form 10 made publicly available on the SEC's EDGAR system on August 31, 2016, were prepared in accordance with GAAP throughout the periods

indicated and present fairly, in all material respects, the combined results of operations, financial position and cash flows of the Company, as applicable, taken as a whole, as of the respective dates or for the respective periods set forth therein, in each case in accordance with GAAP during the periods covered thereby (except as may be indicated in the notes to such financial statements and subject, in the case of unaudited financial statements, to normal and recurring year-end adjustments that are not, individually or in the aggregate, material).

(iii) None of the Company or any of its Subsidiaries has any liabilities of any nature (whether accrued, absolute, determined, fixed, contingent or otherwise) which would be required to be reflected or reserved against on a consolidated balance sheet of the Company, prepared in accordance with GAAP, except liabilities (A) reflected or reserved against on the Company Financial Statements (including the notes thereto), (B) incurred pursuant to this Agreement or the Investment, (C) incurred since the Balance Sheet Date in the ordinary course of business and in a manner consistent with past practice, (D) incurred or to be incurred in connection with the Distribution and set forth on Section 3.2(f)(iii) to the Disclosure Schedule or (E) that would not and would not reasonably be expected to, have a Material Adverse Effect on the Company.

(g) Information Supplied.

(i) The Form 10 will not, at the time it becomes effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made.

(ii) Taking into account matters expressly set forth in the Company Financial Statements, and except for any forward-looking statements or other statements that are predictive in nature, to the Knowledge of the Company, the disclosures set forth in the Form 10 made publicly available on the SEC's EDGAR system on August 31, 2016 under the headings "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*", do not contain any untrue statement of a material fact.

(iii) Notwithstanding the foregoing provision of this Section 3.2(g), no representation or warranty is made by Parent or the Company with respect to statements in the Form 10 based on information supplied (or to be supplied) by or on behalf of the Investor or PV for inclusion or incorporation by reference therein.

(h) Brokers or Finders. No agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any broker's or finder's fee or any other similar commission or fee in connection with any of the transactions contemplated by the Investment

Agreements based upon arrangements made by or on behalf of Parent, the Company or any of their Subsidiaries, except PJT Partners, Inc. and Goldman, Sachs & Co., whose fees and expenses shall be paid by Parent notwithstanding anything herein to the contrary (including Section 9.12).

(i) Taxes.

(i) All Tax Returns required to be filed by each of the Company and its Subsidiaries have been timely filed, or requests for extensions to file such Tax Returns have been timely filed, granted and have not expired, and all such Tax Returns are complete and correct, except to the extent that such failures to file, to have extensions granted that remain in effect or for such Tax Returns to be complete or correct, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on the Company. All material Taxes that are due with respect to the Company and its Subsidiaries have been paid or properly accrued in accordance with GAAP. Since the date of the most recent SEC Reports, no Tax liability with respect to the Company and its Subsidiaries has been incurred outside the ordinary course of business or otherwise inconsistent with past custom and practice.

(ii) No deficiencies for any Taxes have been proposed, asserted or assessed in writing in respect of or against the Company or any of its Subsidiaries that are not adequately reserved for in the financial statements of the Company included in the Company Financial Statements, except for deficiencies that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on the Company. No written claim has been made to the Company or any of its Subsidiaries by a Governmental Entity in a jurisdiction where the Company or any of its Subsidiaries does not file an income or franchise Tax Return that any of the Company or its Subsidiaries is or may be subject to income or franchise Taxes in that jurisdiction.

(iii) None of Parent, the Company or any of their Subsidiaries has taken any action that could reasonably be expected to prevent the Distribution from qualifying as a distribution eligible for non-recognition under Sections 355(a) and 361(c) of the Code.

(iv) Other than the Distribution and the Regarded Internal Distributions (as defined in the Tax Matters Agreement), within the past five (5) years, none of the Company or its Subsidiaries has been either a "distributing corporation" or a "controlled corporation" in a distribution in which the parties to such distribution treated the distribution as one to which Section 355 of the Code is applicable.

(v) Except for the Transaction Agreements, none of the Company or any of its Subsidiaries is a party to any Tax sharing or Tax indemnity agreements (excluding any commercial agreements not primarily relating to Taxes).

(vi) None of the Company or any of its Subsidiaries has agreed to make, or is required to make, any material adjustment affecting any open taxable year or period under Section 481(a) of the Code or any similar provision of state, local or foreign law by reason of a change in accounting methods or otherwise.

(vii) Neither the Company nor any of its Subsidiaries has any material liability under Treasury Regulation Section 1.1502-6 (or any comparable or similar provision of federal, state, local or foreign Applicable Law), as a transferee or successor, or pursuant to any contractual obligation for any Taxes of any Person other than the Company or any of its Subsidiaries.

(viii) Neither the Company nor any of its Subsidiaries has engaged in one of the types of transactions the Internal Revenue Service has determined to be a tax avoidance transaction and identified by notice, regulation, or other form of published guidance as a "listed transaction," as set forth in Treasury Regulation Section 1.6011-4(b)(2).

(ix) No later than the Effective Time, Parent will have received the opinion of PricewaterhouseCoopers LLP (i) concluding that the Distribution "will" qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and Section 361 of the Code (other than with respect to cash in lieu of fractional shares) and (ii) concluding that the Regarded Internal Distributions (as defined in the Tax Matters Agreement) "should" or "will" qualify as tax-free for U.S. federal income tax purposes under Sections 355 and Section 361 of the Code (other than with respect to cash in lieu of fractional shares), which opinion shall not have been amended, replaced or revoked as of the Effective Time.

(j) Permits; Litigation; Compliance with Laws.

(i) There is no Action pending or, to the Knowledge of the Company, threatened against the Company and its Subsidiaries or any property or asset of the Company and its Subsidiaries which individually or in the aggregate, has (since December 31, 2015) had or would reasonably be expected to have a Material Adverse Effect on the Company, nor is there any material judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against the Company or any of its Subsidiaries, except as would not and would not reasonably be expected to materially and adversely affect Parent's or the Company's ability to consummate the Investment.

(ii) As of the date of this Agreement, the China Business does, and as of the Closing Date, the Company and its Subsidiaries (A) will hold all material permits, licenses, franchises, variances, exemptions, orders and approvals of all Governmental Entities which, taken as a whole, are necessary and sufficient for the operation of the China Business as currently conducted (the "Company Permits"), and no suspension or cancellation of any of the Company Permits is pending or, to the Knowledge of the Company, threatened, and (B) are in compliance in all material respects with the terms of the Company Permit, except in each case where the failure to hold any such Company Permits or the suspension or cancellation of any such Company Permits or the noncompliance with respect to any such Company Permits, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect on the Company or its Subsidiaries. Neither the Company nor any of its Subsidiaries is in violation of, and none of such Persons has received since January 1, 2015, any written notices of violations with respect to, any Applicable Laws (including those relating to Food Safety Laws of China and the rules and regulations promulgated thereunder), except where such violations, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect on the Company.

(k) Intellectual Property. (i) Except as set forth in the SEC Reports, Parent and its Subsidiaries (excluding the Company and its Subsidiaries) exclusively own the KFC, PIZZA HUT and TACO BELL Trademarks; the Company or its Subsidiaries exclusively owns the EAST DAWNING, LITTLE SHEEP and ATTO PRIMO Trademarks; and (ii) except as set forth in the SEC Reports or the Company Financial Statements and except as has not had and would not reasonably be expected to have a Material Adverse Effect on the Company, (A) Parent, Company or a Subsidiary exclusively owns all other material proprietary Intellectual Property used in the conduct of the China Division as currently conducted, in each case in China, free and clear of any Encumbrances; (B) the Company or its Subsidiaries own or are licensed to use, all other Intellectual Property used in the conduct of the China Division as currently conducted; (C) all registered Intellectual Property that is owned by Parent, the Company or the Subsidiaries and used in the China Division as currently conducted is subsisting and unexpired, and to the Knowledge of the Company, valid and enforceable; and the use of such Intellectual Property by the Company or its Subsidiaries does not infringe upon, misappropriate or otherwise violate the Intellectual Property rights of any Person; (D) to the Knowledge of the Company, no Person is infringing, misappropriating or otherwise violating any right of the Company or any of its Subsidiaries with respect to any Intellectual Property owned by and/or exclusively licensed to the Company or any of its Subsidiaries; (E) there is no claim or proceeding pending or, to the Knowledge of the Company, threatened (including cease-and-desist letters or invitations to take patent license) against the Company or any of its Subsidiaries challenging their respective use of Intellectual Property; (F) no Intellectual Property owned by the Company or any of its Subsidiaries is being used by or enforced by the Company or any of its Subsidiaries in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of such Intellectual Property; and (G) the Company or its Subsidiaries use commercially reasonable efforts to protect and maintain the security, operation and integrity of all material systems and Computer Software (and all data stored therein or processed thereby) used in the conduct of the China Division as currently conducted and there have been no material breaches, outages, violations or unauthorized access to the same.

(l) Employee Benefit Plans.

(i) Except as would not reasonably be expected to have a Material Adverse Effect on the China Business, the execution, delivery and performance of this Agreement by the Company and the Transactions will not: (A) result in any payment becoming due, accelerate the time of payment or vesting of benefits, or increase the amount of compensation due to any Employee, or (B) trigger any funding obligation under any Benefit Plan.

(ii) Section 3.2(l)(ii) of the Disclosure Schedule contains a list of each Company Equity Plan, as amended or modified as of the date hereof, which will be in effect as of the Effective Time. As of the date of this Agreement, the Company has furnished or otherwise made available to the Investor a complete and correct copy of each and every Company Equity Plan or, with respect to any Company Equity Plan that is expected to be adopted after the date hereof and which will be in effect as of the Effective Time, a copy of such Company Equity Plan substantially in the form that will be adopted.

(m) Title to Assets. Each of the Company and its Subsidiaries has good and valid title to, or, in the case of leased assets, valid leasehold interests in, all their respective assets (other than assets that have been sold or disposed of, or for which a leasehold interest has expired or not been removed, in each case in the ordinary course of business consistent with past practice), except where the failure to have such good and valid title, or valid leasehold interest, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect on the Company.

(n) Anti-Corruption. Neither the Company nor any of its Subsidiaries or, to the Knowledge of the Company, any director or officer of the foregoing, acting in their capacity as such, has (A) made or offered any unlawful payment, or offered or promised to make any unlawful payment, or provided or offered or promised to provide anything of value (whether in the form of property or services or in any other form), to any foreign or domestic official or employee of any Governmental Entity (which, for the purposes of this Section 3.2(n), also includes any political party or candidate), or to any finder, agent, representative or other party acting for, on behalf of, or under the auspices of any official or employee of any Governmental Entity (each, a "Government Official") for purposes of unlawfully (i) influencing any act or decision of any Government Official in his or her official capacity, (ii) inducing any Government Official to do or omit to do any act in violation of his or her lawful duty, (iii) securing any improper advantage; or (iv) inducing any

Government Official to influence or affect any act or decision of any Governmental Entity, in each case for the purpose of obtaining or retaining business or directing business to any person; (B) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity or (C) taken any other action or made any omission that would or would reasonably be expected to result in a violation of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, or any other law of the United States, China, or of any other jurisdiction where the Company conducts business governing corrupt practices, commercial bribery, money laundering, pay-to-play, anti-bribery or anticorruption or that otherwise prohibits payments to any government or public officials or employees.

(o) Real Property.

(i) Except as would not have or reasonably be expected to have a Material Adverse Effect, the Company and its Subsidiaries has good and marketable title and validly granted land use rights and real property ownership rights to all real property relating to the business of the Company and its Subsidiaries that is owned by the Company and its Subsidiaries, free and clear of any Encumbrances, other than (A) Taxes, assessments and other governmental levies, fees or charges imposed which are not yet due and payable, or which are being contested by appropriate proceedings or that may thereafter be paid without material penalty, (B) statutory Encumbrances of landlords and Encumbrances of carriers, warehousemen, mechanics, materialmen, workmen, repairmen and other Encumbrances imposed by Applicable Law, (C) zoning, building codes and other land use laws regulating the use or occupancy of such real property or the activities conducted thereon which are imposed by any Governmental Entity having jurisdiction over such real property which are not violated by the current use or occupancy of such real property or the operation of the business thereon, (D) defects or imperfections of title, easements, covenants, conditions, restrictions and other similar matters of record affecting title to such real property which do not or would not materially impair the use or

occupancy of such real property in the operation of the business conducted thereon, and (E) any other Encumbrances that have been incurred or suffered in the ordinary course of business and that have not had and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company ("Permitted Property Encumbrances").

(ii) Except as has not had and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, (A) all current leases and subleases of Leased Real Property (each, a "Company Lease") are valid and in full force and effect in accordance with their respective terms in all respects (except those which are cancelled, rescinded or terminated after the date hereof in accordance with their terms and this Agreement), (B) the Company or its Subsidiary, as applicable, has good and valid leasehold or subleasehold interests in each parcel of Leased Real Property, free and clear of any Encumbrances other than Permitted Property Encumbrances, (C) to the Knowledge of the Company, there is no claim asserted or threatened by any Person regarding the lessor's ownership of the property demised pursuant to each Company Lease, (D) each Company Lease is in compliance with Applicable Law, including with respect to the ownership and operation of property and conduct of business as now conducted by the applicable Subsidiary of the Company which is a party to such Company Lease and (E) the leasehold interests under the Company Leases are adequate for the conduct of the China Business as currently conducted except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. None of the Company nor any of its Subsidiaries has Knowledge of, or has received written notice of, any violation of or default under (or any condition which with the passage of time or the giving of notice, or both, would cause such a violation of or default under) any Company Lease which would be material to the Company and its Subsidiaries, taken as a whole.

(p) Environmental Compliance. Except as has not had and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, the China Business is in compliance with any and all Applicable Laws and regulations relating to (i) the protection of health, safety, or the environment or (ii) the handling, use, transportation, disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws") and has obtained and possess all permits, licenses and other authorizations currently required for their establishment and their operation under any Environmental Law (the "Environmental Permits"), and all such Environmental Permits are in full force and effect. Except as has not had and would not reasonably be expected to have a Material Adverse Effect on the Company, there are no actual or alleged costs or liabilities associated with Environmental Laws (including any capital or operating expenditures required for cleanup, closure of properties or compliance with Environmental Laws or any permit, license or approval and any potential liabilities to third parties). Except as has not had and would not reasonably be expected to have a Material Adverse Effect on the Company, no property currently or formerly owned or operated by the China Business has been contaminated with or is releasing any hazardous or toxic substances or wastes, pollutants or contaminants in a manner that would reasonably be expected to require remediation or other action pursuant to any Environmental Law. Except as has not had and would not reasonably be expected to have a Material Adverse Effect on the Company, no member of the China Business has received any notice, demand, letter, claim or request for information alleging that the Company or any of its Subsidiaries is in violation of or liable under any Environmental Law. Except as has not had and would not

reasonably be expected to have a Material Adverse Effect on the Company, no member of the China Business is subject to any order, decree or injunction with any Governmental Entity or agreement with any person concerning liability under any Environmental Law or relating to any hazardous or toxic substances or wastes, pollutants or contaminants.

(q) Material Contracts.

(i) Except as has not had and would not reasonably be expected to have a Material Adverse Effect on the Company:

(A) each Material Contract is in full force and effect (except for those contracts or agreements that have expired in accordance with their terms), is a legal, valid and binding agreement of the member of the China Business party thereto, as the case may be, and, to the Knowledge of the Company, of each other party thereto, in full force and effect and enforceable against the member of the China Business, as the case may be, and, to the Knowledge of the Company, against the other party or parties thereto, in each case, in accordance with its terms, in each case except as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally;

(B) each member of the China Business has performed or is performing all obligations required to be performed by it under the Material Contracts and is not (with or without notice or lapse of time, or both) or is not alleged to be in breach or violation

thereof or default thereunder;

(C) no other party to any of the Material Contracts is (with or without notice or lapse of time or both) or is alleged to be in breach or violation, or default thereunder;

(D) no Person has indicated in writing its intention to terminate any Material Contract; and

(E) neither the execution of this Agreement nor the consummation of the Investment or any of the transactions contemplated by the Transaction Agreements or the Plan of Reorganization shall constitute a material default under, give rise to cancellation rights under, or otherwise adversely affect any of the material rights of the Company of any of its Subsidiaries under any Material Contract.

(r) Absence of Certain Changes.

(i) Except as specifically contemplated or permitted by the Investment Agreements, the Plan of Reorganization or as set forth in the SEC Reports, the Disclosure Schedule, or the Company Financial Statements, since December 31, 2015 through the date of this Agreement: (A) on the one hand, the Company and its Subsidiaries and, on the other hand, the members of the China Business, have operated their respective business only in

the ordinary course of business, consistent with past practice; and (B) there has not been any event, change, circumstance or development which, individually or in the aggregate, has had, or would reasonably be expected to have, a Material Adverse Effect on the Company.

(ii) Except as set forth in Section 3.2(r)(ii) of the Disclosure Schedule, from December 31, 2015 through the date of this Agreement, except as set forth in the Plan of Reorganization, SEC Reports or the Company Financial Statements, none of Parent, the Company and their respective Subsidiaries have taken any action that, if taken without the consent of the Investor during the period from the date of this Agreement through the Closing Date, would constitute a breach of ARTICLE IV.

(iii) Except as set forth in Section 3.2(r)(iii) of the Disclosure Schedule, since December 31, 2015, none of the Parent, the Company and their respective Subsidiaries has declared, set aside or paid any dividend or other distribution, whether payable in cash, stock, property or otherwise or redeemed, purchased or otherwise acquired, directly or indirectly, any of its respective capital stock or other securities.

(s) Plan of Reorganization. The Plan of Reorganization attached hereto is complete and correct in all material respects as of the date hereof and sets forth, in reasonable detail, all of the material internal restructuring, contribution, assignment and assumption transactions that were undertaken in order to complete the internal restructuring of the China Business. Parent and its Affiliates have completed the internal restructuring, contribution, assignment and assumption transactions in all material respects as described by the Plan of Reorganization. The Company wholly-owns, directly or indirectly, in all material respects, the China Division.

(t) Resolutions. Pursuant to resolutions provided to the Investor prior to the date hereof, the Board of Directors of the Company has unanimously approved, and at the written request of the Investor will provide further unanimous approval at least ten (10) Business Days prior to the Effective Time, for the express purpose of exempting the Investment and any related transactions from Section 16(b) of the Exchange Act, pursuant to Rule 16b-3 thereunder, the transactions contemplated by this Agreement and the Shareholders Agreement, including the acquisition of the Investor Shares, Warrant 1 and Warrant 2, any disposition of Warrant 1 and Warrant 2 upon the exercise thereof, any acquisition of Company Common Stock upon the exercise of Warrant 1 and Warrant 2, any deemed acquisition or disposition in connection therewith, and all transactions related thereto.

(u) No Other Representations and Warranties. The representations and warranties set forth in this Section 3.2 are the only representations and warranties made by Parent and the Company (or any of their respective Affiliates) with respect to the transactions contemplated by this Agreement. Except for the representations and warranties expressly set forth in this Section 3.2, none of Parent, the Company or each of their respective Affiliates makes any other express or implied representation or warranty with respect to Parent or the Company or any of their respective Subsidiaries, and each of Parent, the Company and their respective Affiliates hereby disclaim all liability and responsibility for any and all projections, forecasts, estimates, plans or prospects (including the reasonableness of the assumptions underlying such forecasts, estimates, projections, plans or prospects), management presentations,

financial statements, internal ratings, financial information, appraisals, statements, promises, advice, data or information made, communicated or furnished (orally or in writing, including electronically) to any Investor or any of its Affiliates or representatives, including omissions therefrom.

ARTICLE IV

CONDUCT OF BUSINESS PENDING THE INVESTMENT

Section 4.1 Conduct of Business Pending the Investment.

(a) Parent and the Company agree that, between the date of this Agreement and the Closing Date, except as required by Applicable Law or as set forth in Section 4.1(a) of the Disclosure Schedule or as expressly provided by any other provision of this Agreement, unless the Investor shall otherwise provide its prior written consent (not to be unreasonably withheld, conditioned or delayed):

(i) Parent and the Company will use commercially reasonable efforts to conduct the China Business in the ordinary course of business consistent with past practice; and

(ii) Parent and Company shall use their commercially reasonable efforts to, maintain in effect all Company Permits, keep available the services of the current officers, key employees, and key consultants and contractors of the China Business and preserve the current material relationships and goodwill of the China Business with Governmental Entities, key customers and suppliers, and any other persons with whom any member of the China Business has relations.

(b) In furtherance and without limitation of Section 4.1(a), except as set forth in Section 4.1(b) of the Disclosure Schedule, the Plan of Reorganization, the Transaction Agreements (including any exhibit or schedule thereto) or as required by Applicable Law or as expressly provided by any other provision of the Investment Agreements, Parent and the Company will not, and will not permit any of their respective Subsidiaries to, with respect to the China Business, between the date of this Agreement and the Closing Date, do any of the following without the prior written consent of the Investor (not to be unreasonably withheld, conditioned or delayed):

(i) amend or otherwise change the certificate of incorporation, bylaws or equivalent organizational documents of the Company;

(ii) sell, transfer, lease, sublease, license, pledge, dispose of, grant or Encumber, or authorize the sale, transfer, lease, sublease, license, pledge, disposition, grant or Encumbrance any material property, rights or assets of the China Business (other than (x) in the ordinary course of business and consistent with past practice or (y) in transactions solely among the Company's wholly-owned Subsidiaries or between the Company and any of its wholly-owned Subsidiaries);

(iii) declare, set aside, make or pay any dividend or other distribution, payable in cash, shares, property or otherwise, with respect to any of its shares, other than dividends or other distributions from any wholly-owned Subsidiary of the Company to the Company or another Subsidiary which is wholly-owned by the Company;

(iv) issue any of its shares, or any options, warrants, convertible securities or other rights exchangeable into or convertible or exercisable for any of its capital stock, in each case other than in connection with the settlement of any Share Awards in accordance with the applicable Benefit Plan and this Agreement at any time prior to the Effective Time;

(v) (A) acquire (including, without limitation, by merger, consolidation, scheme of arrangement, amalgamation or acquisition of stock or assets or any other business combination) or make any capital contribution or investment in any corporation, partnership, other business organization or any division thereof (other than a wholly-owned Subsidiary of the Company), or (B) acquire any assets (other than (x) in the ordinary course of business consistent with past practice or (y) assets of a wholly-owned Subsidiary of the Company), in each case in excess of $50,000,000 in the aggregate;

(vi) create, incur, assume or suffer to exist any indebtedness for borrowed money, or issue guarantees, loans or advances, in each case, in excess of $50,000,000 individually or $100,000,000 in the aggregate, other than (A) borrowings under existing credit facilities of the Company or its Subsidiaries as in effect on the date of this Agreement solely to fund operating expenses in the ordinary course of business, (B) any transactions among the Company and its wholly owned Subsidiaries, (C) guarantees of indebtedness for borrowed money of any wholly-owned Subsidiary of the Company by the Company or guarantees by any such Subsidiary of indebtedness for borrowed money of the Company or any other Subsidiary of the Company, which indebtedness is incurred in compliance with this Section 4.1(b)(vi), (D) issuances of commercial paper by the Company or any of its Subsidiaries backed by the existing credit facilities of the Company or its Subsidiaries as in effect on the date of this Agreement and (E) indebtedness for borrowed money incurred to replace, renew, extend or refinance any existing indebtedness for borrowed money of the Company or any of its Subsidiaries, in each case in an amount not to exceed the amount of the indebtedness replaced, renewed, extended or refinanced (plus interest and premium, if any, thereon and the amount of reasonable refinancing fees and expenses incurred in connection therewith) and on terms that are no less favorable to the Company or such Subsidiary than the terms of the indebtedness replaced, renewed, extended or refinanced;

(vii) engage in the conduct of any new line of business material to the Company and its Subsidiaries, taken as a whole;

(viii) fail to maintain sufficient working capital required to operate the China Business in the ordinary course consistent with past practice;

(ix) enter into, amend or modify any Related Party Agreement or grant any consents or waivers thereunder in favor of a party thereto other than the Company and its Subsidiaries;

(x) make any material amendment or modification to any Transaction Agreement (or enter into any Transaction Agreement in a form containing any material amendment or modification to the applicable form attached hereto); or

(xi) authorize or agree to take any of the foregoing actions, or enter into any letter of intent (binding or non-binding) or similar written agreement or arrangement with respect to any of the foregoing.

(c) Notwithstanding anything to the contrary, all covenants of Parent and the Company set forth in this ARTICLE IV shall terminate and be of no further force and effect from and after the PV Closing.

ARTICLE V

COVENANTS

Section 5.1 Public Announcements; Periodic Reports. The Parties shall each use reasonable best efforts to develop a joint communications plan and each Party shall use reasonable best efforts to ensure that all press releases and other public statements with respect to the Transactions shall be consistent with such joint communications plan. Without prejudice to the foregoing, (a) the press release announcing the execution of this Agreement and/or the consummation of the Investment shall be issued only in such form as shall be mutually agreed by the Parties and (b) except as may be required by Applicable Law, Parent, the Company and Investor shall consult with each other before issuing any press release, having any communications with the press (whether or not for attribution), making any other public statement or scheduling any press conference or conference call with investors, stockholders or analysts with respect to this Agreement or the Investment, and shall not, without the prior written consent of the other Parties, issue any such press release, have any such communication, make any such other public statement or schedule any such press conference or conference call prior to such consultation; provided that notwithstanding anything herein to the contrary, (i) Parent and/or the Company shall be permitted in their sole discretion to issue any press release or make any other public statement contained in, or made in connection with, the Form 10 and/or the Distribution, as well as make any amendments or modifications to the Form 10 that either such Party believes are appropriate or required and (ii) Parent and/or the Company shall be permitted to make public disclosures relating to this Agreement, the Shareholders Agreement and the Investment in one or more of its periodic filings with the SEC as required by Applicable Law, except that after the initial press release, no information may be included in any press release (other than information which is already publicly available other than as a result of a breach of this Section 5.1) relating to the Investor, its Affiliates, or any of their respective directors, officers or employees, without the prior written consent of the Investor (such consent to not be unreasonably withheld, conditioned or delayed); provided, that no such consent shall be required

for any such information that is consistent with information or statements previously publicly disclosed and consented to by Investor.

Section 5.2 Tax-Free Reorganization Treatment. After the date hereof and until the second (2^{nd}) anniversary of the date on which the Distribution occurs, the Investor shall not, and shall cause each of the Investor's Investor Tax Affiliates not to, (x) without the prior written consent of Parent and the Company, acquire any shares of Parent Common Stock or any shares of capital stock of the Company (other than the Warrant Shares and any shares of Company Common Stock acquired in accordance with Section 2.4(c)), or (y) without the prior written consent of the Company, acquire any shares of any of the Company's Subsidiaries; provided that, subject in all respects to Section 2.2 of the Shareholders Agreement, nothing in this Section 5.2 shall prohibit the Investor or any Investor Tax Affiliate, after the Closing, from acquiring any share of capital stock of the Company or Parent so long as the Investor, together with each Investor Tax Affiliate, does not directly or indirectly acquire stock (in the aggregate and taking into account the Investment) representing a "50 percent or greater interest" (within the meaning of Section 355(d)(4) of the Code) in either Parent or the Company. For the avoidance of doubt, neither Parent, the Company nor any of their Subsidiaries shall be considered an Investor Tax Affiliate for purposes of the preceding sentence.

Section 5.3 Shareholders Agreement; Organizational Documents.

(a) The Company and the Investor shall take all necessary action to, simultaneously with the Closing, execute and deliver the shareholders agreement in substantially the form of Exhibit H (the "Shareholders Agreement").

(b) Immediately prior to the Closing, Parent, as the sole shareholder of the Company, shall approve and adopt the Amended and Restated Certificate of Incorporation of the Company and the Amended and Restated Bylaws of the Company, in the forms attached hereto as Exhibits F and G, respectively (reflecting the amendment(s), if any, set forth on Section 4.1(a) of the Disclosure Schedule).

Section 5.4 Financing Contingency. The Investor acknowledges and agrees that the arrangement and obtaining of financing is not a condition to the Closing, and reaffirms its obligation to consummate the Investment irrespective and independently of the availability of any financing, subject to fulfillment or waiver of the conditions set forth in this Agreement.

Section 5.5 Transaction Agreements. Other than when and as may be expressly permitted by the Shareholders Agreement, none of Parent, the Company or any of their respective Affiliates and/or Subsidiaries shall (x) enter into, make, propose or agree to any material amendment or modification of any of the Transaction Agreements to which any of them is or is proposed to be a party or (y) waive compliance with any material obligations of any party thereunder without the prior written consent of the Investor, such consent not to be unreasonably withheld, delayed or conditioned. The foregoing provisions of this Section 5.5 shall be without prejudice to Parent's right to consummate (or abandon) the Distribution in Parent's sole discretion.

Section 5.6 Transition Services Agreement . The Investor acknowledges and agrees that, notwithstanding anything contained in ARTICLE IV to the contrary, Parent and the Company (or their respective Subsidiaries following the Distribution) may enter into a transition services agreement (the "Transition Services Agreement") on the key terms set forth in Section 5.6 of the Disclosure Schedule, among, on the one hand, certain of Parent and its Subsidiaries (other than the Company and its Subsidiaries) and, on the other hand, certain of the Company and its Subsidiaries, that provides for, among other things, the provision of certain transition services by or on behalf of Parent or one or more of its Subsidiaries on customary terms and providing for fees which are no more favorable to Parent and its Subsidiaries (other than the Company and its Subsidiaries) than those which the Company could reasonably obtain in a negotiation with a third party who is not an Affiliate.

Section 5.7 Notification of Certain Matters. Each of the Company, Parent and the Investor shall promptly notify the other Parties in writing of:

(a) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions or any of the transactions contemplated by the Transaction Agreements;

(b) any notice or other communication from any Governmental Entity in connection with the Transactions or the transactions contemplated by the Transaction Agreements; and

(c) any Actions commenced or, to the Knowledge of the Company or the Knowledge of the Investor threatened against the Company or any of its Subsidiaries, the Investor, or Parent and any of its Subsidiaries, as the case may be, that relate to such Party's ability to consummate the Transactions or any of the transactions contemplated by the Transaction Agreements.

(d) Notwithstanding anything to the contrary, all covenants and obligations of the Company, Parent and Investor set forth in this Section 5.7 shall terminate and be of no further force and effect from and after the PV Closing.

Section 5.8 Access to Information. From the date of this Agreement until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms, each of Parent and the Company shall keep the Investor reasonably informed of any material development of the proposed Distribution (including the status thereof) and, upon reasonable notice, each of Parent and the Company shall (and each shall cause its respective Subsidiaries to) afford to the Investor and its officers, accountants, counsel, and financial advisors reasonable access, during normal business hours, to (a) the books and records principally relating to the China Business and (b) the senior management employees of the Company; provided, however, that Parent or the Company may restrict the foregoing access to the extent that (i) any Applicable Laws or Material Contract requires Parent, the Company or any of their respective Subsidiaries to restrict or prohibit access to any such properties or information or (ii) disclosure of such information would violate confidentiality obligations to a third party (who is not an outside advisor of Parent and/or the Company). The Investor will hold any such information obtained pursuant to this Section 5.8 in confidence in accordance with, and will otherwise be subject to,

the provisions of the undertaking to Parent dated May 5, 2016 by the Investor and the underlying Confidentiality Agreement dated February 4, 2016 between Parent and Primavera Capital Limited (as may be amended or supplemented, the "Confidentiality Agreement"). Notwithstanding anything in the Confidentiality Agreement or this Agreement to the contrary, following the Closing, (x) any disclosure of information (other than any information relating to the Parent or its Subsidiaries (excluding, for the avoidance of doubt, the Company and its Subsidiaries)) that is not prohibited by Section 3.2 of the Shareholders Agreement shall not be deemed to be a breach of this Section 5.8 or the Confidentiality Agreement, (y) any action that is not prohibited by Section 2.2 of the Shareholders Agreement shall not be deemed to be a breach of the standstill obligations of the Investor solely in respect of the Company set forth in the seventh paragraph of the Confidentiality Agreement, and (z) except as provided in (x) and (y), nothing in this Section 5.8 shall be construed to limit or otherwise modify the provisions or term of the Confidentiality Agreement, which shall survive any termination of this Agreement. Any investigation by the Investor shall not affect the representations and warranties contained herein or the conditions to the respective obligations of the Parties to consummate the Investment.

Section 5.9 Public Filings. Prior to filing any amendment or supplement to the Form 10, the Company and Parent shall provide the Investor with a copy of such amendment or supplement (including all exhibits to be filed therewith) and provide the Investor with a reasonable opportunity to review and comment on any section(s) or portion(s) of such amendment or supplement relating to the Investor, its Affiliates, or any of their respective directors, officers or employees or the material terms of the Investment, and the Company and Parent shall consider in good faith any such comments. If the Investor disagrees with any material matters in any such section(s) or portion(s) of such amendment or supplement (including all exhibits to be filed therewith), the Investor may raise such objection with the Company and Parent no later than five (5) calendar days following receipt by the Investor of such amendment or supplement (including all exhibits to be filed therewith) and the Parties shall cooperate in good faith to resolve any such objections; provided that no information may be included (x) in any amendment or supplement to the Form 10, and (y) any correspondence filed with the SEC with respect thereto, (other than information which is already publicly available other than as a result of a breach of this Section 5.9) relating to the Investor, its Affiliates, or any of their respective directors, officers or employees or the material terms of the Investment, without the prior written consent of the Investor (such consent to not be unreasonably withheld, conditioned or delayed).

ARTICLE VI

CONDITIONS TO THE INVESTMENT

Section 6.1 Conditions to the Obligations of Each Party. The obligations of the Parties to consummate the Investment are subject to the satisfaction or waiver (where permissible) of the following conditions:

(a) No Injunctions or Restraints; Illegality. No Applicable Laws shall have been adopted, promulgated or enforced by any Governmental Entity, and no temporary restraining order, preliminary or permanent injunction or other order issued by a court or other Governmental Entity of competent jurisdiction (an "Injunction") shall be in effect, having the

effect of making the Transactions illegal or otherwise prohibiting the consummation of the Transactions.

(b) No Pending Governmental Actions. No proceeding initiated by any Governmental Entity seeking an Injunction having the effect of making the Transactions illegal or otherwise prohibiting the consummation of the Transactions shall be pending.

(c) Consummation of PV Investment. The PV Closing shall have occurred prior to or shall occur contemporaneously with the Closing.

(d) Required PRC Regulatory Procedures. The Required PRC Regulatory Procedures shall have been completed and obtained.

Section 6.2 Conditions to the Obligations of Investor(a) . The obligations of the Investor to consummate the Investment are subject to the satisfaction or waiver by the Investor on or prior to the PV Closing Date of the following conditions:

(a) Representations and Warranties. (i) Other than the Company and Parent Fundamental Representations, the representations and warranties of the Company and Parent contained in this Agreement (disregarding for this purpose any limitation or qualification by "materiality" or "Material Adverse Effect" or any words of similar import set forth therein) shall be true and correct in all respects as of the date hereof and as of the PV Closing, as though made on and as of such date and time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except to the extent such failures to be true and correct, would not, individually or in the aggregate, have or result in a Material Adverse Effect on Parent or the Company, (ii) the representation set forth in Section 3.2(r)(i)(B) shall be true and correct in all respects as of the date hereof and as of the PV Closing, as though made on and as of such date and time, and (iii) the Company and Parent Fundamental Representations shall be true and correct in all respects as of the date hereof and as of the PV Closing, as though made on and as of such date and time (except to the extent expressly made as of an earlier date, in which case as of such earlier date).

(b) Agreements and Covenants. Each of the Company and Parent shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the PV Closing.

(c) Material Adverse Effect. Since the Balance Sheet Date through the PV Closing, there shall not have occurred and be continuing any event, change, circumstance or development which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on the Company.

(d) Officer Certificate. Parent and the Company shall have delivered to the Investor a certificate, dated the PV Closing Date, duly executed by a senior executive officer of the Company, certifying as to the satisfaction of the conditions specified in Section 6.2(a)-(c) and (e).

(e) Organizational Documents. The certificate of incorporation and bylaws of the Company shall be substantially in the form attached hereto in Exhibit F and Exhibit G, respectively.

Section 6.3 Conditions to the Obligations of the Company. The obligations of the Company to consummate the Investment are subject to the satisfaction or waiver by the Company on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. Other than the representations and warranties of the Investor contained in Section 3.1(a), Section 3.1(b), Section 3.1(e), Section 3.1(f), Section 3.1(g), Section 3.1(h) and Section 3.1(j), (i) the representations and warranties of the Investor contained in this Agreement (disregarding for this purpose any limitation or qualification by "materiality" or "Material Adverse Effect" or any words of similar import set forth therein) shall be true and correct in all respects as of the date hereof and as of the Closing, as though made on and as of such date and time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except to the extent such failures to be true and correct, would not have or result in a Material Adverse Effect on the Investor and (ii) the representations and warranties set forth in Section 3.1(a), Section 3.1(b), Section 3.1(e), Section 3.1(f), Section 3.1(g), Section 3.1(h) and Section 3.1(j) shall be true and correct in all respects as of the date hereof and as of the Closing, as though made on and as of such date and time (except to the extent expressly made as of an earlier date, in which case as of such earlier date).

(b) Agreements and Covenants. The Investor shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing.

(c) Officer Certificate. Investor shall have delivered to Parent and the Company a certificate, dated the Closing Date, duly executed by a senior executive officer of the Investor, certifying as to the satisfaction of the conditions specified in Section 6.3(a)-(b).

ARTICLE VII

TERMINATION AND AMENDMENT

Section 7.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Parent and the Investor;

(b) by either Parent or the Investor, if the Closing shall not have occurred on or before March 31, 2017; provided that the right to terminate this Agreement pursuant to this Section 7.1(b) shall not be available to any Party if the circumstances described in this Section 7.1(b) are primarily caused by such Party's (which, with respect to Parent, includes the Company) failure to comply with its obligations under this Agreement;

(c) by Parent, if (i) the PV Closing shall have occurred and the Closing shall not have occurred (other than solely due to the condition set forth in Section 6.1(d) not being

satisfied) or (ii) the Closing shall not have occurred on or before the expiration of the Measurement Period;

(d) by Parent, if there shall have been a material breach of any representation, warranty, covenant or agreement on the part of the Investor set forth in this Agreement such that the conditions set forth in Section 6.3(a) or Section 6.3(b) would not be satisfied; provided however, that, Parent shall not have the right to terminate this Agreement pursuant to this Section 7.1(d) if Parent or the Company is then in material breach of any of its representations, warranties, covenants or other agreements hereunder;

(e) by the Investor, if there shall have been a material breach of any representation, warranty, covenant or agreement on the part of Parent or the Company set forth in this Agreement such that the conditions set forth in Section 6.2(a) or Section 6.2(b) would not be satisfied; provided however, that, the Investor shall not have the right to terminate this Agreement pursuant to this Section 7.1(e) if either Investor is then in material breach of any of their representations, warranties, covenants or other agreements hereunder; or

(e) by the Investor, if there shall have occurred and be continuing any event, change, circumstance or development which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on the Company.

Notwithstanding anything to the contrary in this Agreement, this Agreement shall automatically terminate (without any further action of any of the Parties hereto) and be of no further force or effect, if, prior to the Effective Time, Parent publicly announces that the Distribution has been abandoned.

Section 7.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 7.1, this Agreement shall forthwith become void, and there shall be no liability or obligation on the part of the Investor, Parent, or the Company or their respective Affiliates, officers, directors, employees and other representatives under this Agreement; provided that Section 5.1, this Section 7.2, and ARTICLE IX shall survive any termination of this Agreement pursuant to Section 7.1 and provided that nothing herein shall relieve any party from liability for its willful and intentional breach of this

Agreement prior to such termination. For purpose of this Section 7.2, "willful and intentional" shall mean an action taken with the actual knowledge of the Party taking such action that such action violates this Agreement.

ARTICLE VIII

SURVIVAL; INDEMNIFICATION

Section 8.1 Survival of Representations and Warranties. (a) The Company and Parent Fundamental Representations shall survive the Closing Date and continue in full force and effect until the second (2nd) anniversary of the Closing Date, and (b) the Company's and Parent's representations and warranties set forth in Section 3.2(f)(ii) and Section 3.2(g) shall survive the Closing Date and continue in full force and effect until the date that is twelve (12) months following the Closing Date (such period the "Expiration Period"). No other representation or warranty shall survive the Closing. If the Investor (or any Indemnified Person) delivers written notice (setting forth, to the extent practicable, in reasonable detail the basis for an indemnifiable

claim pursuant to Section 8.2) to Parent or the Company, as applicable, for a claim for indemnification or recovery within the applicable Expiration Period, such claim shall survive until satisfied, or otherwise finally resolved or judicially determined. No covenant or agreement contained herein that by its terms is to be performed prior to the Closing Date shall survive the Closing Date. For the avoidance of doubt, this Section 8.1 shall not limit any covenant or agreement of the Parties which by its term contemplates performance after the Closing Date.

Section 8.2 Indemnification by Parent and the Company.

(a) In consideration of the Investor's execution and delivery of this Agreement and acquiring the Investor Shares and the Warrants, in addition to all of the Company's other obligations under this Agreement, Parent agrees, from and after the Closing, to defend, protect, indemnify and hold harmless the Investor and its respective Affiliates, shareholders, partners, members, officers, directors, employees, agents or other representatives (collectively, the "Indemnified Persons") from and against any and all Losses of any Indemnified Person as a result of, or arising out of, or relating to any misrepresentation or breach by Parent or the Company of any Company and Parent Fundamental Representations (other than the representations set forth in Section 3.2(h)); and the Company agrees, from and after the Closing, to defend, protect, indemnify and hold harmless the Indemnified Persons from and against any and all Losses of any Indemnified Person as a result of, or arising out of, or relating to any misrepresentation or breach by the Parent or Company of the representations set forth in Section 3.2(h).

(b) The Company agrees, from and after the Closing, to defend, protect, indemnify and hold harmless the Indemnified Persons from and against any and all Losses of any Indemnified Person as a result of, or arising out of, or relating to any misrepresentation or breach of the representations or warranties made in Section 3.2(f)(ii) and Section 3.2(g).

Section 8.3 Limitations on Indemnification.

(a) The Company shall have no liability to the Indemnified Persons under Section 8.2(b) with respect to any misrepresentation or breach of any such representation or warranty unless the aggregate amount of the Losses actually suffered or incurred by the Indemnified Persons pursuant to Section 8.2(b) exceeds one-half of a percent (0.5%) of the Investor Purchase Price, in which case the Company shall be liable only for Losses pursuant to Section 8.2(b) in excess of such amount.

(b) The maximum aggregate liabilities of the Company in respect of the Losses pursuant to Section 8.2(b) with respect to any misrepresentation or breach of representations and warranties made by the Company and/or Parent shall be subject to a cap equal to fifteen percent (15%) of the Investor Purchase Price.

(c) Notwithstanding anything to the contrary contained herein, none of the limitations set forth in this ARTICLE VIII shall apply to any intentional fraud, willful misconduct or gross negligence by Parent, the Company, the Investor or any of their respective Affiliates in connection with the transactions contemplated by the Investment Agreements and the Transaction Agreements.

Section 8.4 Treatment of Indemnity Payments. All payments required to be paid pursuant to this ARTICLE VIII shall be treated as an adjustment to the Investor Purchase Price for Tax purposes, except as otherwise required by Applicable Law.

ARTICLE IX

GENERAL PROVISIONS

Section 9.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) upon confirmation of receipt if delivered by telecopy or telefacsimile, (c) on the second Business Day following the date of dispatch if delivered by a recognized next-day courier service, or (d) on the date received if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice

(a) if to the Company, to

Yum China Holdings, Inc.
16/F Two Grand Gateway
3 Hongqiao Road
Shanghai 200030
The People's Republic of China

Attention: Shella Ng, Chief Legal Officer
Facsimile: +86-21-2407-7898

with a copy (which shall not constitute notice) to

Sidley Austin LLP
One South Dearborn Street
Chicago, Illinois 60603
Attention: Paul L. Choi
Beth E. Flaming
Facsimile: (312) 853-7036

(b) if to the Investor, to

API (Hong Kong) Investment Limited
c/o Zhejiang Ant Small and Micro Financial Services Group Co., Ltd.
Block B, Dragon Times Plaza, 18 Wantang Road, Xihu District
Hangzhou, China 310099
Attention: Jason Zhu
Facsimile: +86-571-8163-5410

with a copy (which shall not constitute notice) to:

Legal Department
c/o Zhejiang Ant Small and Micro Financial Services Group Co., Ltd.

Block B, Dragon Times Plaza, 18 Wantang Road, Xihu District
Hangzhou, China 310099
Facsimile: +86-571-8163-5410

and

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Patrick J. Naughton
Facsimile: +1-212-455-2502

(c) if to Parent, to

Yum! Brands, Inc.
1441 Gardiner Lane
Louisville, Kentucky 40213
Attention: Scott Catlett
Facsimile: (502) 874-8790

with a copy (which shall not constitute notice) to

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Benjamin M. Roth
Facsimile: (212) 403-2000

and

Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606
Attention: Frederick B. Thomas
Jodi A. Simala
Facsimile: (312) 706-8436

or to such other persons or addresses as may be designated in writing by the Party to receive such notice as provided above.

Section 9.2 Amendment and Waiver. This Agreement may not be amended, supplemented or changed, and no provision hereof may be waived by any Party, except by an instrument in writing making specific reference to this Agreement signed on behalf of each of the Parties hereto. The failure of any Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

Section 9.3 Interpretation. When a reference is made in this Agreement to Sections, Exhibits or Schedules, such reference shall be to a Section of or Exhibit or Schedule to this

Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" and "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

Section 9.4 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one Party, but all such counterparts taken together will constitute one and the same Agreement.

Section 9.5 Entire Agreement; No Third Party Beneficiaries.

(a) This Agreement, and the exhibits and schedules hereto, including Exhibit A (Form of Separation and Distribution Agreement), Exhibit B (Form of Employee Matters Agreement), Exhibit C (Form of Tax Matters Agreement), Exhibit D (Form of Master License Agreement), Exhibit E (Form of Name License Agreement), Exhibit F (Form of Amended and Restated Certificate of Incorporation of the Company), Exhibit G (Form of Amended and Restated Bylaws of the Company), Exhibit H (Form of Shareholders Agreement), the Transition Services Agreement, the Shareholders Agreement and the other agreements and instruments of the Parties delivered in connection herewith and therewith constitute the entire agreement and supersede all prior agreements, understandings, representations and warranties, both written and oral, among the Parties with respect to the subject matter hereof and thereof.

(b) Except as expressly provided in Section 9.17, nothing in this Agreement shall confer any rights upon any Person other than the Parties and each such Party's respective heirs, successors and permitted assigns, all of whom shall be third party beneficiaries of this Agreement.

Section 9.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without giving effect to any choice of law principles thereof that would cause the application of the laws of another jurisdiction).

Section 9.7 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, and the application of such provision to Persons or circumstances other than those as to which it has been held invalid and unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any Party. Upon any such determination, the Parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect, as closely as possible, the original intent of the Parties. The Parties intend that the remedies hereon contained in this Agreement be construed as integral provisions of this Agreement and that such remedies shall not be severable in any manner that reduces a Party's liability or obligation hereunder.

Section 9.8 Assignment. This Agreement shall not be assignable by any Party without the prior written consent of the other Parties.

Section 9.9 Submission to Jurisdiction; Waivers. Each of the Investor, Parent and the Company hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the Delaware Court of Chancery (or if, (but only if) the Delaware Court of Chancery shall be unavailable, any other court of the State of Delaware or any federal court sitting in the State of Delaware), with respect to any actions, suits or proceedings arising out of or relating to this Agreement and the transactions contemplated hereby and further agree that service of any process, summons, notice or document by registered mail to the addresses set forth on this Agreement shall be effective service of process for any action, suit or proceeding brought against any such party in any such court. Each of the Investor, Parent and the Company hereby irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby, in the Delaware Court of Chancery (or if, (but only if) the Delaware Court of Chancery shall be unavailable, any other court of the State of Delaware or any federal court sitting in the State of Delaware), and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF THE INVESTOR, PARENT AND THE COMPANY HERETO HEREBY WAIVES TRIAL BY JURY AND/OR ANY DEFENSES BASED UPON THE VENUE, THE INCONVENIENCE OF THE FORUM, OR THE LACK OF PERSONAL JURISDICTION IN ANY ACTION OR SUIT ARISING FROM SUCH DISPUTE WITH JURISDICTION AND/OR VENUE SO SELECTED.

Section 9.10 Enforcement. Each Party hereto acknowledges that money damages would not be an adequate remedy in the event that any of the covenants or agreements in this Agreement are not performed in accordance with its terms, and it is therefore agreed that in addition to and without limiting any other remedy or right it may have, the non-breaching party will have the right to seek an injunction, temporary restraining order or other equitable relief in any court of competent jurisdiction enjoining any such breach and enforcing specifically the terms and provisions hereof. In addition, any and all remedies herein expressly conferred upon a Party hereto will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Applicable Law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy.

Section 9.11 Disclosure Schedule. The mere inclusion of an item in the relevant Disclosure Schedule as an exception to a representation, warranty or covenant shall not be deemed an acknowledgment that such matter or item is required to be disclosed therein or is material to a representation or warranty set forth in this Agreement, and shall not be an admission by a party that such item represents a material exception or material fact, event or circumstance or that such item, alone or together with any other item, has had or would reasonably be expected to have a Material Adverse Effect with respect to Investor, Parent, the Company or any Subsidiary of the foregoing, as applicable.

Section 9.12 Fees and Expenses. Except as otherwise provided herein, all fees and expenses incurred in connection with the preparation and negotiation of this Agreement and the consummation of the transactions contemplated by this Agreement shall be paid by the Party or Parties, as applicable, incurring such expenses.

Section 9.13 Transfer Taxes. The Company shall pay any and all documentary, stamp and similar issue or transfer tax due on the issue of the Investor Shares.

Section 9.14 Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

Section 9.15 Mutual Drafting. This Agreement shall be deemed to be the joint work product of Investor, Parent, and the Company and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

Section 9.16 No-Recourse; No Partnership. Only the Parties shall have any obligation or liability under this Agreement. Notwithstanding anything that may be express or implied in this Agreement, no recourse under this Agreement, shall be had against any current or future Affiliate of the Investor, any current or future direct or indirect shareholder, member, general or limited partner, controlling Person or other beneficial owners of the Investor or of any such Affiliate, any of their respective representatives or any of the successors and assigns of each of the foregoing (collectively, "Non-Liable Persons"), whether by enforcement of any assessment or any legal or equitable proceeding, or by virtue of any statute, regulation or other Applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Liable Person for any obligation of the Investor under this Agreement for any claim based on, in respect of or by reason of such obligations or their creation; provided that the foregoing shall not apply to any Non-Liable Person who becomes a party to this Agreement in accordance with the terms hereof. Nothing in this Agreement shall be deemed to constitute a partnership among any of the Parties hereto.

Section 9.17 Relationship between PV and the Investor. The Investor hereby irrevocably appoints PV as sole representative of the Investor to act as the agent and on behalf of the Investor regarding any matter relating to or under this Agreement (other than with respect to determining whether any condition set forth in ARTICLE VI has been satisfied or waiving any such condition (the "AF Reserved Matters"), including for purposes of (i) taking any action that may be necessary or desirable, as determined by PV, in its sole discretion, in connection with the termination of this Agreement in accordance with ARTICLE VII and (ii) granting any consent or approval on behalf of the Investor under this Agreement, including without limitation any consent that may be required under ARTICLE IV. In furtherance of the foregoing sentence, PV shall have authority to bind the Investor in accordance with this Agreement, and Parent and each of the Company and Parent and each of their respective Subsidiaries may conclusively rely on such appointment and authority in all respects, and may conclusively rely upon, without independent verification or investigation, all decisions made by PV in connection with this Agreement, and will have no liability to the Investor for any actions taken by PV, including with respect to any of the actions described in clauses (i) and (ii) above, but in any event other than with respect to the AF Reserved Matters. All immunities and powers granted to PV under this Agreement shall survive the Closing Date and/or any termination. The grant of authority provided for herein (x) is coupled with an interest and shall be irrevocable and survive the bankruptcy, dissolution, winding up or liquidation of the Investor and (y) shall survive the Closing. PV shall be a third party beneficiary of this Section 9.17.

Section 9.18 No Conflict. Parent hereby acknowledges and agrees that, notwithstanding anything contained in any Transaction Agreement to the contrary, the Company and its Subsidiaries shall not be deemed to be in breach of any of their respective obligations or suffer any other negative consequences pursuant to any Transaction Agreement due to any fact or circumstance arising out of any action taken by the Investor, or any of its Affiliates, in accordance with, and as permitted by, the terms and conditions of this Agreement and the Shareholders Agreement, including any acquisition of securities of the Company that would be permitted pursuant to the Shareholders Agreement.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

YUM CHINA HOLDINGS, INC.

By: /s/ Micky Pant
Name Micky Pant
Title CEO

YUM! BRANDS, INC.

By: /s/ David Gibbs
Name David Gibbs
Title President and CFO

[Signature Page to Investment Agreement]

API (HONG KONG) INVESTMENT LIMITED

By: /s/ Leiming Chen
Name: Leiming Chen
Title: Authorized Signatory

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Exhibit 99.1

[·], 2016

Dear Yum! Brands, Inc. Shareholder:

We are pleased to inform you of the separation of our world-class China business from Yum! Brands, Inc. ("YUM") into a newly formed public company named Yum China Holdings, Inc. (the "Company").

We expect that the separation of the Company from YUM will result in two powerful, best-in-class companies, each with a separate strategic focus. The Company, a market leader with decades of accumulated consumer loyalty and world-class operations in China, will become a licensee of YUM in China with an attractive investment profile and significant opportunity for growth, while YUM, one of the world's largest restaurant companies with three iconic brands, will focus on expanding the presence and performance of KFC, Pizza Hut and Taco Bell around the world outside of China. The separation reinforces our strong commitment to creating value for our shareholders.

The separation will be completed by way of a pro rata distribution of the outstanding shares of Company common stock to our shareholders of record as of 5:00 p.m., Eastern Time, on [·], the record date. Each YUM shareholder will receive [·] shares of Company common stock for each share of YUM common stock held on the record date.

We expect your receipt of shares of Company common stock in the distribution to be tax-free for U.S. federal income tax purposes, except for cash received in lieu of fractional shares. You should consult your own tax advisor as to the particular tax consequences of the distribution to you, including potential tax consequences under state, local and non-U.S. tax laws.

The distribution does not require YUM shareholder approval, nor do you need to take any action to receive your shares of Company common stock. Immediately following the separation, you will own common stock in YUM and the Company. The Company's common stock will be listed on the New York Stock Exchange under the symbol "YUMC," while YUM's common stock will continue to trade on the New York Stock Exchange under the symbol "YUM."

The enclosed Information Statement, which is being made available to all YUM shareholders as of the record date for the distribution, describes the separation and distribution in detail and contains important information about the Company, including its business, financial condition and operations. We urge you to carefully read this Information Statement in its entirety.

Sincerely,

Greg Creed
Chief Executive Officer
Yum! Brands, Inc.

[·], 2016

Dear Future Yum China Holdings, Inc. Stockholder:

It is our pleasure to welcome you as a shareholder of our company, Yum China Holdings, Inc. (the "Company"). Following the distribution of the outstanding shares of our common stock to shareholders of Yum! Brands, Inc. ("YUM"), we will be a newly listed, publicly traded business that is expected to be China's largest independent restaurant company.

The Company will initially have over 7,200 restaurants across China, one of the world's largest and fastest growing economies. Our relationship with YUM will allow us to leverage well-known brands and build on decades of experience in the Chinese market. In addition, we expect that the recently announced agreement for an investment in the Company by Primavera and Ant Financial will create additional long-term value for our stockholders. We believe that this partnership with two well-established players in the Chinese market presents great strategic value to the Company and our stockholders. The Company is well-positioned for future growth, with extensive opportunities to expand within China through new unit development.

We invite you to learn more about the Company by reviewing the enclosed Information Statement. We urge you to read the Information Statement carefully and in its entirety. We are excited by our future prospects, and look forward to your support as a holder of shares of the Company's common stock.

Sincerely,

Micky Pant
Chief Executive Officer
Yum China Holdings, Inc.

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended.

PRELIMINARY AND SUBJECT TO COMPLETION, DATED SEPTEMBER 16, 2016

INFORMATION STATEMENT

Yum China Holdings, Inc.

This Information Statement is being furnished to the shareholders of Yum! Brands, Inc. ("YUM") in connection with the distribution by YUM to its shareholders of all of the outstanding shares of common stock of Yum China Holdings, Inc., a wholly owned subsidiary of YUM, that will hold, directly or indirectly, the assets and liabilities associated with YUM's operations in China[(1)] (the "Company"). To implement the distribution, YUM will distribute all of the outstanding shares of Company common stock on a pro rata basis to YUM shareholders in a distribution that is intended to be tax-free to YUM shareholders for U.S. federal income tax purposes. In connection with the distribution, YUM and the Company have entered into investment agreements with each of Pollos Investment L.P., an affiliate of Primavera Capital Group ("Primavera"), and API (Hong Kong) Investment Limited, an affiliate of Zhejiang Ant Small and Micro Financial Services Group Co., Ltd. ("Ant Financial" and together with Primavera, the "Investors"). Pursuant to the investment agreements, which are substantially on the same terms and which we collectively refer to as the "investment agreements," immediately following the distribution and in exchange for an aggregate purchase price of $460 million, the Investors will acquire and the Company will issue to the Investors, subject to the terms and conditions of the investment agreements, shares of Company common stock representing in the aggregate between 4.3% and 5.9% of the Company's common stock issued and outstanding immediately following the distribution (to be determined based on the volume weighted average trading price of Company common stock during the trading days between the 31st and 60th day following the closing), as well as the right to receive certain warrants exercisable for an additional approximately 4%, in the aggregate, of the Company's issued and outstanding common stock. We refer to the transactions described above collectively as the "Investment." In connection with the Investment, the Company and the Investors will also enter into a shareholders agreement, relating to certain rights and obligations of the Investors as holders of the Company's common stock and the warrants. Please refer to the "Presentation of Information" below for how we refer to Yum! Brands, Inc., YUM, Yum China Holdings, Inc., the Company, Primavera, Ant Financial and the Investors in this Information Statement.

You will receive [·] share[s] of Company common stock for each share of YUM common stock held of record by you as of 5:00 p.m., Eastern Time, on [·], 2016, the record date for the distribution. You will receive cash in lieu of any fractional shares of Company common stock that you would otherwise have received after application of the above distribution ratio. As discussed herein under "The Separation and Distribution—Trading Between the Record Date and Distribution Date," if you sell your shares of YUM common stock "regular-way" after the record date and before the distribution, you will also be selling your right to receive shares of Company common stock in connection with the separation. We expect that shares of Company common stock will be distributed by YUM to you on [·], 2016. We refer to the date on which YUM commences distribution of the Company common stock to the holders of shares of YUM common stock as the "distribution date."

No vote of YUM shareholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send YUM a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing YUM shares or take any other action to receive your shares of Company common stock.

There is currently no trading market for Company common stock, although we expect that a limited market, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution. We expect "regular-way" trading of Company common stock to begin on the first trading day following the distribution. The Company intends to file an application to have its common stock authorized for listing on the New York Stock Exchange under the symbol "YUMC." Following the distribution, YUM will continue to trade on the NYSE under the symbol "YUM."

In reviewing this Information Statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 11.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Information Statement is truthful or complete. Any representation to the contrary is a criminal offense.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this Information Statement is [·], 2016.

This Information Statement was first made available to YUM shareholders on or about [·], 2016.

(1) As used herein, unless the context otherwise requires, references to "China" mean the "People's Republic of China" or "mainland China," excluding Hong Kong, Taiwan and Macau.

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Presentation of Information

Except as otherwise indicated or unless the context otherwise requires, the information included in this Information Statement about the Company assumes the completion of all of the transactions referred to in this Information Statement in connection with the separation and distribution. Unless the context otherwise requires, references in this Information Statement to "the Company," "we," "us," "our," "our company" and "the company" refer to Yum China Holdings, Inc., a Delaware corporation, and its consolidated subsidiaries. References to the Company's historical business and operations refer to all of YUM's China business which will be transferred to the Company in connection with the separation and distribution. Unless the context otherwise requires, references in this Information Statement to "YUM" refer to Yum! Brands, Inc., a North Carolina corporation, and its consolidated subsidiaries other than the Company, which will continue to operate as YUM following the distribution and separation. Unless the context otherwise requires, references to "China" mean the "People's Republic of China" or "mainland China," excluding Hong Kong, Taiwan and Macau. Unless the context otherwise requires, references in this Information Statement to "Investor" or "Investors" refer to and each of and collectively, as the context requires, Pollos Investment L.P., a Cayman Islands limited partnership and affiliate of Primavera Capital Group, and API (Hong Kong) Investment Limited, an affiliate of Zhejiang Ant Small and Micro Financial Services Group Co., Ltd.

Trademarks, Trade Names, Service Marks and Restaurants

The Company owns or has rights to use the trademarks, service marks and trade names that it uses in conjunction with the operation of its business. Some of the more important trademarks that the Company owns or has rights to use that appear in this Information Statement include: "KFC, Pizza Hut Casual Dining, Pizza Hut Home Service, Taco Bell, Little Sheep and East Dawning," which may be registered or trademarked in the United States or other jurisdictions. Each trademark, trade name or service mark of any other company appearing in this Information Statement is, to our knowledge, owned by such other company. We license the KFC, Pizza Hut, and Taco Bell brands and related intellectual property under a master license agreement with YUM and, unless the context otherwise requires, references herein to "our" or "the Company's" brands or other intellectual property rights include references to the brands and other intellectual property rights we license from YUM. Unless the context otherwise requires, references to "our" or "the Company's" restaurants or restaurant system include references to restaurants owned or franchised by us and references to "YUM's" restaurants or restaurant systems include restaurants owned or franchised by YUM (excluding our restaurants). Unless the context otherwise requires, references to our "franchisees" are references to third parties to whom we have granted the right to operate under intellectual property owned by us or the intellectual property we license from YUM and have the right to sublicense under the master license agreement and a "franchise" is the grant of such a third party right.

Market and Industry Data

Although we are responsible for all of the disclosure contained in this Information Statement, this Information Statement contains industry, market and competitive position data that are based on industry publications and studies conducted by third parties. The industry publications and third-party studies generally state that the information that they contain has been obtained from sources believed to be reliable.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What is Yum China Holdings, Inc. and why is YUM separating the Company's business and distributing Company stock?	Yum China Holdings, Inc., which is currently a wholly owned subsidiary of YUM, was formed to own and operate YUM's China business. The separation of the Company from YUM and the distribution of Company common stock are intended to provide you with equity ownership in two separate, publicly traded companies that will be able to focus exclusively on each of their respective businesses. YUM and the Company expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in the section entitled "The Separation and Distribution—Reasons for the Separation."

Why am I receiving this document?	YUM is delivering this document to you because you are a holder of YUM common stock. Each holder of YUM common stock as of 5:00 p.m., Eastern Time, on the record date will be entitled to receive [·] share[s] of Company common stock for each share of YUM common stock held at such time on such date. This document will help you understand how the separation and distribution will affect your post-separation ownership in YUM and the Company, respectively.
How will the separation of the Company from YUM work?	To accomplish the separation, YUM will distribute all of the outstanding shares of Company common stock to YUM shareholders on a pro rata basis in a distribution intended to be tax-free to YUM shareholders for U.S. federal income tax purposes except to the extent of any cash received in lieu of fractional shares of Company common stock.
Why is the separation of the Company structured as a distribution?	YUM believes that a distribution of the shares of Company common stock to YUM shareholders is an efficient way to separate its China business in a manner that will create long-term value for YUM and its shareholders.
What is the record date for the distribution?	The record date for the distribution is [·], 2016.
When will the separation and the distribution occur?	It is expected that all of the shares of Company common stock will be distributed by YUM on [·], 2016 to holders of record of shares of YUM common stock as of 5:00 p.m., Eastern Time, on the record date for the distribution. The separation will become effective at the time of the distribution. However, no assurance can be provided as to the timing of the separation and the distribution or that all conditions to the distribution will be met. See "The Separation and Distribution—Conditions to the Distribution."
What do shareholders need to do to participate in the distribution?	Shareholders of YUM as of 5:00 p.m., Eastern Time, on the record date for the distribution will not be required to take any action to receive Company common stock in the distribution, but you are urged to read this entire Information Statement carefully. No shareholder approval of the distribution is required. You are not being asked for a proxy. You do not need to pay any consideration, exchange or surrender your existing shares of YUM common stock or take any other action to receive your shares of Company common stock. Please do not send in your YUM stock certificates. The distribution will not affect the number of outstanding YUM shares or any rights of YUM shareholders, although it will affect the market value of each outstanding share of YUM common stock.

How will shares of Company common stock be issued?	You will receive shares of Company common stock through the same channels that you currently use to hold or trade shares of YUM common stock, whether through a brokerage account, 401(k) plan or other channel. Receipt of shares of Company common stock will be documented for you in the same manner that you typically receive shareholder updates, such as monthly broker statements and 401(k) statements. If you own shares of YUM common stock as of 5:00 p.m., Eastern Time, on the record date for the distribution, YUM, with the assistance of American Stock Transfer & Trust Company, LLC, the settlement and distribution agent, will electronically distribute shares of Company common stock to you or to your brokerage firm on your behalf in book-entry form. American Stock Transfer & Trust Company, LLC will mail you a book-entry account statement that reflects your shares of Company common stock, or your bank or brokerage firm will credit your account for the shares.
How many shares of Company common stock will I receive in the distribution?	YUM will distribute to you [·] share[s] of Company common stock for every share of YUM common stock held by you as of 5:00 p.m., Eastern Time, on the record date for the distribution. Based on the number of shares of YUM common stock outstanding as of [·], 2016, a total of approximately [·] shares of Company common stock are expected to be distributed. For additional information on the distribution, see "The Separation and Distribution."
Will the Company issue fractional shares of its common stock in the distribution?	No. The Company will not issue fractional shares of its common stock in the distribution. Fractional shares that YUM shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed pro rata (based on the fractional shares such holder would otherwise have been entitled to receive) to those shareholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payments made in lieu of fractional shares. The receipt of cash in lieu of fractional shares generally will be taxable, for U.S. federal income tax purposes, to the recipient YUM shareholders. See "Material U.S. Federal Income Tax Consequences."
What are the conditions to the distribution?	The distribution is subject to final approval by the board of directors of YUM, as well as to a number of conditions, including: • the transfer of assets and liabilities to the Company in accordance with the separation and distribution agreement will have been completed, other than assets and liabilities intended to be transferred after the distribution;

- YUM will have received (i) an opinion of each of Mayer Brown LLP and PricewaterhouseCoopers LLP, satisfactory to YUM's board of directors, regarding the qualification of the distribution as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 361 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and (ii) one or more opinions of YUM's external tax advisors, in each case satisfactory to YUM's board of directors, regarding certain other tax matters relating to the distribution and related transactions;

- the U.S. Securities and Exchange Commission ("SEC") will have declared effective the registration statement of which this Information Statement forms a part, no stop order suspending the effectiveness of the registration statement will be in effect and no proceedings for such purpose will be pending before or threatened by the SEC;

- this Information Statement shall have been made available to the YUM shareholders;

- all actions or filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws will have been taken and, where applicable, have become effective or been accepted by the applicable governmental entity;

- any approvals or notifications of any governmental entities required for the consummation of the separation and distribution will have been obtained;

- no order, injunction or decree issued by any governmental entity of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions will be in effect;

- the shares of Company common stock to be distributed will have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;

- the receipt of an opinion from an independent advisory firm confirming the solvency and financial viability of each of the Company and YUM after the distribution that is in form and substance acceptable to YUM in its sole discretion; and

- no other event or development will have occurred or exist that, in the judgment of YUM's board of directors, in its sole discretion, makes it inadvisable to effect the separation, the distribution or the other related transactions.

YUM and the Company cannot assure you that any or all of these conditions will be met and YUM may also waive any of the conditions to the distribution. For a complete discussion of all of the conditions to the distribution, see "The Separation and Distribution—Conditions to the Distribution."

What is the anticipated cost of the Separation?	We estimate that the one-time costs of the separation will be approximately $60 million, and we anticipate that substantially all of such one-time costs will be borne by YUM. Following the separation, in general, YUM and the Company will be responsible for the costs incurred by YUM or the Company, as applicable (which, in the case of the Company, will include costs incurred in connection with the transition to being an independent public company).
How will the one-time costs of the separation be allocated between YUM and the Company?	We anticipate that substantially all of the one-time costs of the separation will be borne by YUM.
Can YUM decide to cancel the distribution of the Company common stock even if all the conditions have been met?	Yes. Until the distribution has occurred, YUM has the right to terminate the distribution, even if all of the conditions are satisfied. See "Certain Relationships and Related Person Transactions—The Separation and Distribution Agreement—Termination."
What if I want to sell my YUM common stock or my Company common stock?	You should consult with your financial advisors, such as your stockbroker, bank or tax advisor.
What is "regular-way" and "ex-distribution" trading of YUM stock?	Beginning on or shortly before the record date for the distribution and continuing up to and through the distribution date, it is expected that there will be two markets in YUM common stock: a "regular-way" market and an "ex-distribution" market. Shares of YUM common stock that trade in the "regular-way" market will trade with an entitlement to shares of Company common stock distributed pursuant to the distribution. Shares that trade in the "ex-distribution" market will trade without an entitlement to shares of Company common stock distributed pursuant to the distribution. If you hold shares of YUM common stock as of 5:00 p.m., Eastern Time, on the record date and then decide to sell any shares of YUM common stock before the distribution date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your shares of YUM common stock with or without your entitlement to shares of Company common stock distributed pursuant to the distribution.

Where will I be able to trade shares of Company common stock?	The Company intends to file an application to list its common stock on the New York Stock Exchange under the symbol "YUMC." The Company anticipates that trading in shares of its common stock will begin on a "when-issued" basis on or shortly before the record date for the distribution and will continue up to the distribution date, and that "regular-way" trading in Company common stock will begin on the first trading day following the distribution. If trading begins on a "when-issued" basis, you may purchase or sell Company common stock up to the distribution date, but your transaction will not settle until after the distribution date. The Company cannot predict the trading prices for its common stock before, on or after the distribution date.
What will happen to the listing of shares of YUM common stock?	YUM common stock will continue to trade on the NYSE after the distribution under the symbol "YUM."
Will the number of shares of YUM common stock that I own change as a result of the distribution?	No. The number of shares of YUM common stock that you own will not change as a result of the distribution.
Will the distribution affect the market price of shares of my YUM common stock?	Yes. As a result of the distribution, it is expected that the trading price of shares of YUM common stock immediately following the distribution will be lower than the "regular-way" trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the China business to be held by the Company. The combined trading prices of one share of YUM common stock and [·] share[s] of Company common stock after the distribution (representing the number of shares of Company common stock to be received per share of YUM common stock in the distribution) may be equal to, greater than or less than the trading price of one YUM common share before the distribution.
What are the material U.S. federal income tax consequences of the distribution?	It is a condition to the distribution that YUM receive (i) an opinion of each of Mayer Brown LLP and PricewaterhouseCoopers LLP, satisfactory to YUM's board of directors, regarding the qualification of the distribution as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 361 of the Code and (ii) one or more opinions of YUM's external tax advisors, in each case satisfactory to YUM's board of directors, regarding certain other tax matters relating to the distribution and related transactions. Assuming that the distribution qualifies as tax-free under Sections 355 and 361 of the Code, for U.S. federal income tax purposes, no gain or loss will be recognized by you, and no amount will be included in your income, upon the receipt of shares of Company common stock pursuant to the distribution. You will, however, recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of Company common stock.

	You should consult your own tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as any foreign tax laws. For more information regarding the material U.S. federal income tax consequences of the distribution, see the section entitled "Material U.S. Federal Income Tax Consequences."
What will the Company's relationship be with YUM following the separation?	The Company will enter into a separation and distribution agreement with YUM to effect the separation and provide a framework for the Company's relationship with YUM after the separation. In addition, a subsidiary of the Company will enter into a master license agreement with a subsidiary of YUM providing the exclusive right to use and sublicense the use of intellectual property owned by YUM and its affiliates for the development and operation of KFC, Pizza Hut Casual Dining, Pizza Hut Home Service, and Taco Bell restaurants in China, and for the conduct of all related development, promotional and support activities. The Company and YUM will also enter into certain other agreements, including, among others, a tax matters agreement and an employee matters agreement. These agreements will provide for the allocation between the Company and YUM of YUM's assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after the separation and will govern certain relationships between the Company and YUM after the separation. For additional information regarding the separation and distribution agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation and the Investment" and "Certain Relationships and Related Person Transactions."
Who will manage the Company after the separation?	The Company will benefit from a management team with an extensive background in the China business. Led by Micky Pant, who is, and after the separation is expected to continue to be, the Company's Chief Executive Officer, the Company's management team will possess deep knowledge of, and extensive experience in, its business, geography and industry. For more information regarding the Company's management, see "Management of the Company."
Are there risks associated with owning Company common stock?	Yes. Ownership of Company common stock will be subject to both general and specific risks, including those relating to the Company's business, the industry and geography in which it operates, its separation from YUM and ongoing contractual relationships with YUM and its status as a separate, publicly traded company. These risks are described in the "Risk Factors" section of this Information Statement. You are encouraged to read that section carefully.

Does the Company plan to pay dividends?	We anticipate that following the separation, our board of directors will adopt a program of returning capital to stockholders, which may take the form of establishing a regular dividend and/or engaging in share repurchases although, pursuant to the shareholders agreement to be entered into with the Investors at the closing of the Investment, our ability to engage in or announce repurchases is restricted until 60 days after the distribution. We also intend to retain a significant portion of our earnings to finance the operation, development and growth of our business. Any future determination to declare and pay cash dividends or engage in share repurchases will be at the discretion of our board of directors following the separation and will depend on, among other things, our financial condition, results of operations, actual or anticipated cash requirements, contractual or regulatory restrictions, tax considerations and such other factors as our board of directors deems relevant. See "Dividend Policy."
Will the Company incur any indebtedness prior to or at the time of the distribution?	No. The Company does not plan to incur any indebtedness in connection with the distribution, other than indebtedness incurred in the ordinary course of its operations.
Who will be the distribution agent, transfer agent, registrar and information agent for the Company common stock?	The distribution agent, transfer agent, registrar and information agent for Company common stock will be American Stock Transfer & Trust Company, LLC.
Where can I find more information about YUM and the Company?	Before the distribution, if you have any questions relating to YUM's China business, you should contact: Yum! Brands, Inc. 1441 Gardiner Lane Louisville, Kentucky 40213 Attention: Investor Relations Telephone: 1 (888) 298-6986 Email: yum.investor@yum.com After the distribution, Company stockholders who have any questions relating to the Company should contact the Company at: [·] [·] [·] Telephone: [·] or [·] Email: [·] The Company's investor website is [·].

INFORMATION STATEMENT SUMMARY

The following is a summary of certain material information discussed in this Information Statement. This summary may not contain all of the details concerning the separation or other information that may be important to you. To better understand the separation and the Company's business and financial position, you should carefully review this entire Information Statement.

This Information Statement describes the China business of YUM to be transferred to the Company by YUM in the separation as if the transferred business were the Company's business for all historical periods described. References in this Information Statement to the Company's historical assets, liabilities, products, business or activities are generally intended to refer to the assets, liabilities, products, business or activities of the China business of YUM prior to the distribution.

Our Company

Yum China Holdings, Inc. is the largest restaurant company in China with approximately 7,200 restaurants, $6.9 billion of revenue, net income of $323 million and $998 million of adjusted EBITDA in 2015. Our growing restaurant base consists of China's leading restaurant brands, including KFC, Pizza Hut Casual Dining, Pizza Hut Home Service, East Dawning and Little Sheep. Following our separation from Yum! Brands, we will have the exclusive right to operate and sub-license the KFC, Pizza Hut and Taco Bell brands in China, and will own the East Dawning and Little Sheep concepts outright. We were the first major global restaurant brand to enter China in 1987 and have developed deep experience operating in the market. We have since grown to become one of China's largest retail developers covering over 1,100 cities and opening an average of two new locations per day over the past five years.

KFC is the leading Quick-Service Restaurant ("QSR") brand in China. Today, KFC operates over 5,000 restaurants in over 1,100 cities across China. Measured by number of restaurants, KFC has a two-to-one lead over the nearest Western QSR competitor and continues to grow in both large and small cities. Similarly, Pizza Hut Casual Dining is the leading Casual Dining Restaurant ("CDR") brand in China. Today, Pizza Hut Casual Dining, with nearly 1,600 restaurants in over 400 cities, has a seven-to-one lead in terms of restaurants over its nearest Western CDR competitor.

Over the past three decades, we have built a significant lead not just in number of restaurants, but also in brand awareness and loyalty, proprietary consumer know-how in individual provinces and city tiers, a national supply-chain network, product innovation and quality processes, a motivated and highly-educated workforce and a long-tenured and passionate local management team. We believe that these competitive strengths are difficult to replicate.

We generate strong consumer regard and loyalty by developing menus that cater to local tastes in addition to offering global favorites like KFC's Original Recipe chicken. Each of our brands has proprietary menu items, many developed in China, and emphasizes the preparation of food with high-quality ingredients, as well as unique recipes and special seasonings to provide appealing, tasty and convenient food at competitive prices. Most of our restaurants offer consumers the ability to dine in and/or order delivery or carry-out food. With decades of accumulated consumer know-how and loyalty in China, we believe our brands are integrated into Chinese popular culture and consumers' daily lives based on our extensive history in China and substantial presence there.

We opened nearly 750 new restaurants in 2015 and more than 3,000 over the past four years—the equivalent of two new restaurant openings per day. While we may either operate, franchise and/or license restaurant brands, we currently have ownership in and operate approximately 90% of our restaurants, and this high ownership percentage has driven our historically attractive return on investment.

Given the strong competitive position of the KFC and Pizza Hut brands, China's growing economy and population of over 1.3 billion, we expect to continue growing our system sales by adding KFC and Pizza Hut Casual Dining restaurants and through growing same-store sales.

Industry Backdrop

The development and growth of our restaurants has benefited from China's rapidly growing middle class and increasing urbanization. Although changes in consumer taste are possible, the expansion of China's middle class has generally been correlated with an increase in eating outside of the home, which is in part driven by higher discretionary income associated with this demographic group. According to McKinsey, middle class and affluent households are expected to continue to grow, increasing from 116 million people in 2016 to an estimated 315 million by 2030. The number of working-age consumers is expected to increase by 100 million during the same period as their average per capita consumption doubles. By 2030, spending by this group is expected to account for an estimated 12 cents for every $1 of worldwide urban consumption. With this, annual household spending on dining out in China may double. The Company will continue to focus on this core consumer segment and on serving China's growing middle class.

In 2002 87% of the middle class lived in coastal China and only 13% of the middle class lived in inland provinces. According to macroeconomic models prepared by McKinsey in 2012, by 2022 it is expected that only 61% of the middle class will live in coastal cities as the middle class expands more rapidly in inland cities. Likewise, according to the same models, by 2022 it is expected that 39% of the middle class will live in cities with a population of more than one million. This is consistent with the Company's development plans which have focused on entering new trade zones and building new restaurants further inland.

Restaurant Concepts

KFC

KFC is the largest restaurant brand in China in terms of system sales and number of restaurants. Founded in Corbin, Kentucky by Colonel Harland D. Sanders in 1939, KFC opened its first restaurant in Beijing, China in 1987. Today, almost 30 years later, there are over 5,000 KFCs in China, and the Company plans to continue adding new units. In addition to Original Recipe chicken, KFC in China has an extensive menu featuring pork, beef, seafood, rice dishes, fresh vegetables, soups, breakfast, desserts, and many other products, including premium coffee. The KFC brand is also seeking to increase revenues from its restaurants throughout the day with breakfast, delivery and 24-hour operations in many of its locations.

Pizza Hut Casual Dining

Pizza Hut Casual Dining is the largest Western CDR brand in China as measured by system sales and number of restaurants. It operates in over 400 cities and offers multiple dayparts, including breakfast and afternoon tea. The first Pizza Hut in China opened in 1990, and as of 2015 year-end there were nearly 1,600 Pizza Hut Casual Dining restaurants. Pizza Hut Casual Dining has an extensive menu offering a broad variety of pizzas, entrees, pasta, rice dishes, appetizers, beverages and desserts. In 2015, Pizza Hut Casual Dining was ranked the "Most Preferred Western Casual Dining Restaurant" by The Nielsen Corporation.

Other Concepts

Pizza Hut Home Service. The Company introduced pizza delivery to China in 2001, and today there are over 300 Pizza Hut Home Service units in nearly 50 cities, specializing in professional and convenient delivery of Chinese food as well as pizza. Over 70% of the brand's orders come through

online or mobile channels. Its professional service and diverse menu provide a strong platform for continued growth in the future.

Little Sheep. A casual-dining brand with its roots in Inner Mongolia, China, Little Sheep specializes in "Hot Pot" cooking, which is very popular in China particularly during the winter months. Little Sheep has approximately 250 units in both China and international markets today. Of these, over 200 units are franchised.

East Dawning. East Dawning is a Chinese food quick-service restaurant brand, primarily located in large coastal cities. There were 15 restaurants as of 2015 year end. This brand is not viewed as a significant growth engine for the Company.

Taco Bell. Taco Bell is the world's leading QSR brand specializing in Mexican-style food, including tacos, burritos, quesadillas, salads, nachos and similar items. While there are over 6,400 Taco Bell units globally, currently no locations exist in China. The Company plans to open its first Taco Bell restaurant in 2016.

Competitive Strengths

We believe the following strengths, developed over our almost 30-year operating history, differentiate us and serve as a platform for future growth.

- Unique Company culture based on global systems and local spirit.
- Category-leading brands in one of the world's fastest growing economies.
- High-quality, great-tasting food, including local favorites with compelling value and a Western experience.
- Strong unit economics.
- Extensive experience in developing new restaurants.
- Knowledge and understanding of Chinese consumers and versatile approach to marketing.
- Supply chain management with a focus on food safety and quality.
- Internal people development culture and training systems.
- World class operations led by certified restaurant managers.
- Digital and technology capability, especially in mobile and social media.
- Experienced senior management team.

Our Strategies

The Company's primary strategy is to grow sales and profits across its portfolio of brands through increased brand relevance, new store development and enhanced unit economics. Other areas of investment include store remodels; product innovation and quality; improved operating platforms leading to improved service; store-level human resources, including recruiting and training; creative marketing programs; and product testing.

New-Unit Growth

Rapidly growing consumer class. Given the rapidly expanding middle class, we believe that there is significant opportunity to expand within China, and we intend to focus our efforts on increasing our geographic footprint in both existing and new markets. We expanded our restaurant count from

3,906 units in 2010 to approximately 7,200 as of the end of 2015, representing a compounded annual growth rate ("CAGR") of 13%.

Franchise opportunity. Currently, only 9% of our restaurants are operated by franchisees. Going forward, we anticipate high franchisee demand for our brands, supported by strong unit economics, operational consistency and simplicity, and multiple store types to drive restaurant growth. While the franchise market in China is still in its early stages compared to developed markets, the Company plans to continue to increase its franchise-owned store percentage over time.

Development pipeline. We consider our development pipeline to be robust, and believe we have an opportunity to grow our restaurant count three times over the next two to three decades. For additional information on the risks associated with this growth strategy, see the section entitled "Risk Factors," including the risk factor entitled—"We may not attain our target development goals, aggressive development could cannibalize existing sales and new restaurants may not be profitable." We also believe the opportunity to add Taco Bell restaurants as well as other concepts could further increase our total unit count.

Same-Store Sales Growth

Flavor innovation. We are keenly aware of the strength of our core menu items but we also seek to continue to introduce innovative items to meet evolving consumer preferences and local tastes, while simultaneously maintaining brand relevance and broadening brand appeal. For example, KFC offers soy bean milk, fried dough sticks, and congee for breakfast. Outside of breakfast, KFC has introduced rice dishes, Peking style chicken twisters, roasted chicken products, egg tarts and fresh lemon/calamansi tea.

Daypart opportunities. We believe there are significant daypart opportunities across our brands. For example, at KFC we recently introduced premium coffee to expand our breakfast and afternoon dayparts. Pizza Hut Casual Dining has focused on breakfast and afternoon tea to further grow same-store sales.

Customer frequency through mobile connectivity. KFC is rolling out its K-Gold loyalty program in 2016 with the eventual goal of a fully digitized customer experience. The brand will also improve the customer experience through ease of ordering and speed of service, supported by innovative technology. Pizza Hut Casual Dining is a leader in providing a digital experience with free in-store Wi-Fi, queue ticketing and pre-ordering, partnering with Alipay and WeChat to receive cashless payments, and introducing a loyalty program.

Best in-store experience. The Company continuously looks for ways to improve the customer experience. For example, starting in 2015, KFC revamped its remodel strategy to accelerate restaurant upgrades. Pizza Hut Casual Dining is also well regarded for offering consumers a contemporary casual dining setting. Our brands also look to improve efficiency to drives sales growth. For example, we are simplifying menu boards and fine-tuning our digital menu boards and in-store self-service order devices. We are also exploring expansion of our delivery business through online-to-offline, or O2O, aggregators.

Value innovation. KFC will continue to focus on value with product offerings such as the bucket and increased combo options throughout the day. Pizza Hut Casual Dining will leverage past innovations like business lunch set and breakfast.

O2O and home delivery. China is a world leader in the emerging online-to-offline, or O2O, market. This is where digital online ordering technologies interact with traditional brick and mortar retail to enhance the shopping experience. In the restaurant sector, KFC and Pizza Hut Home Service are already leading brands in home delivery. We see considerable further growth potential in the rapidly growing in-home consumption market by aligning our proven restaurant operation capabilities

with emerging specialized O2O firms (known as aggregators) that offer consumers the ability to order any restaurant food at home. This could be an exciting new business opportunity with potential to create substantial stockholder value.

Enhanced Profitability

We focus on improving our unit-level economics and overall profits while also making the necessary investments to support our future growth. Since we increased our focus on restaurant margin improvement in late 2013, restaurant margins at KFC improved two percentage points from 2013 to 2015. We will pursue additional opportunities to improve profits over the long-term by continuing our focus on fiscal discipline and leveraging fixed costs, while maintaining the quality customer experience for which our brands are known.

The Separation and Distribution

On October 20, 2015, YUM announced that it intended to separate into two publicly traded companies: one comprising YUM's world-class operations in China, which will do business as the Company, and one that will comprise YUM's remaining operations (including franchising) around the world, which will continue to do business as YUM and retain YUM's current logo.

On [·], 2016, YUM's board of directors approved the distribution of all of the Company's issued and outstanding shares of common stock on the basis of [·] share[s] of Company common stock for each share of YUM common stock held as of 5:00 p.m., Eastern Time, on [·], 2016, the record date for the distribution.

The Company's Post-Separation Relationship with YUM

After the distribution, YUM and the Company will be separate companies with separate management teams and separate boards of directors. The Company will enter into a separation and distribution agreement with YUM, which is referred to in this Information Statement as the "separation and distribution agreement." In addition, a subsidiary of the Company will enter into a master license agreement with a subsidiary of YUM providing the exclusive right to use and sublicense the use of intellectual property owned by YUM and its affiliates for the development and operation of KFC, Pizza Hut Casual Dining, Pizza Hut Home Service, and Taco Bell restaurants in China and for the conduct of all related development, promotional and support activities. In connection with the separation, the Company will also enter into various other agreements with YUM to effect the separation and provide a framework for its relationship with YUM after the separation, such as a tax matters agreement and an employee matters agreement. These agreements will provide for the allocation between the Company and YUM of YUM's assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after the separation of the Company from YUM and will govern certain relationships between the Company and YUM after the separation. For additional information regarding the separation and distribution agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation and the Investment" and "Certain Relationships and Related Person Transactions."

Reasons for the Separation

YUM's board of directors and management believe that the creation of two independent public companies, with the Company operating the China business, and YUM operating its remaining

businesses (including franchising) throughout the rest of the world, is in the best interests of YUM and its shareholders for a number of reasons, including:

- *Enhanced strategic and management focus.* The separation will allow each company to focus on and more effectively pursue its own distinct operating priorities and strategies, and will enable the management of each company to concentrate efforts on the unique needs of each business and pursue distinct opportunities for long-term growth and profitability. Specifically, YUM will pursue its strategy of developing its brands and expanding its franchise operations globally outside of China and expects to own less than 4% of the restaurants within its system by the end of 2017. The Company, on the other hand, will pursue its strategy of owning and operating restaurants in China and plans to own and operate a substantial majority of its restaurants in China;

- *More efficient allocation of capital.* The separation will permit each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business in a time and manner appropriate for its distinct strategy and business needs and facilitating a more efficient allocation of capital;

- *Direct access to capital markets.* The separation will create an independent equity structure that will afford the Company direct access to capital markets and facilitate the ability of the Company to capitalize on its unique growth opportunities and effect future acquisitions utilizing its common stock;

- *Alignment of incentives with performance objectives.* The separation will facilitate incentive compensation arrangements for employees more directly tied to the performance of the relevant company's business, and may enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives;

- *Investor choice.* The separation will allow investors to separately value YUM and the Company based on their unique investment identities, including the merits, performance and future prospects of their respective businesses. The separation will also provide investors with two distinct and targeted investment opportunities; and

- *Optimized Capital Structure.* As a result of the separation, YUM expects to be more highly franchised, more geographically diversified and less volatile in terms of profit and to have lower ongoing capital expenditures. This business model is expected to enable YUM to take on additional leverage, optimize its capital structure and return cash to shareholders. The Company will have no material debt immediately following the separation.

Neither the Company nor YUM can assure you that, following the separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

Risks Associated with the Company and the Separation

The YUM board of directors also considered a number of potentially negative factors in evaluating the creation of two independent public companies, including, among others, risks relating to the loss of benefits arising from YUM and the Company operating within one company and increased operating costs and one-time separation costs relating to the creation of a new public company, but concluded that the potential benefits from separation outweighed these factors. For more information, see the sections entitled "The Separation and Distribution—Reasons for the Separation" and "Risk Factors" included elsewhere in this Information Statement.

Risks Related to Our Business and the Separation and Distribution

An investment in Company common stock is subject to a number of risks, including risks relating to our business and the separation and distribution. The following list of certain significant risk factors is a high-level summary and is not exhaustive. Please read the information in the section captioned "Risk Factors" for a more thorough description of these and other risks.

Risks Related to Our Business and Industry

- Food safety and food-borne illness concerns may have an adverse effect on our business.
- Any failure to maintain effective quality control systems for our restaurants could have a material adverse effect on our reputation, results of operations and financial condition.
- Any significant liability claims, food contamination complaints from our customers or reports of incidents of food tampering could adversely affect our reputation, business and operations.
- Health concerns arising from outbreaks of viruses or other diseases may have an adverse effect on our business.
- We derive all of our revenue from our operating entities in China and our business is highly exposed to all of the risks of doing business there.
- The operation of our restaurants and our ability to expand our operations are subject to the terms of the master license agreement.
- Our business will be materially harmed if we breach the master license agreement or if it is terminated.
- Our success is tied to the success of YUM's brand strength, marketing campaigns and product innovation.
- Shortages or interruptions in the availability and delivery of food and other supplies may increase costs or reduce revenues.
- We may not attain our target development goals, aggressive development could cannibalize existing sales and new restaurants may not be profitable.

Risks Related to Doing Business in China

- Changes in Chinese political policies and economic and social policies or conditions may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.
- Uncertainties with respect to the interpretation and enforcement of China laws, rules and regulations could have a material adverse effect on us.
- Fluctuation in the value of Chinese Renminbi ("RMB") may have a material adverse effect on your investment.
- We expect to rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries in China to fund offshore cash and financing requirements, and such distributions may be subject to certain taxes and legal and contractual restrictions.
- Under the China Enterprise Income Tax Law (the "EIT Law"), if we are classified as a China resident enterprise for China enterprise income tax purposes such classification would likely result in unfavorable tax consequences to us and our non-China stockholders.

Risks Related to the Separation and the Investment

- The combined post-separation value of YUM and the Company's common stock may not equal or exceed the pre-separation value of YUM common stock.
- The separation may not achieve some or all of the anticipated benefits.
- If the distribution does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, the Company and YUM shareholders could be subject to significant tax liabilities, and, in certain circumstances, the Company and Yum Restaurants Consulting (Shanghai) Company Limited ("YCCL") could be required to indemnify YUM for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.
- Our ability to engage in strategic transactions following the separation may be limited. In addition, we could be liable for adverse tax consequences resulting from engaging in such transactions.
- Failure to complete the Investment by the Investors could adversely impact the market price of the Company's common stock as well as the Company's business and operating results.

Risks Related to Our Common Stock

- The Company cannot be certain that an active trading market for its common stock will develop or be sustained after the distribution, and following the distribution, the Company's stock price may fluctuate significantly.
- There may be substantial changes in the Company's stockholder base.
- The Company cannot guarantee the timing, amount or payment of dividends on its common stock.
- Your percentage of ownership in the Company may be diluted in the future.

Corporate Information

The Company was incorporated in Delaware on April 1, 2016 for the purpose of holding YUM's China business in connection with the separation and distribution. Until the business was transferred to us in connection with the separation, we had no operations. The Company's principal executive offices are located in [·]. The Company's principal operational headquarters are located in Shanghai, China. Our telephone number is [·].

The Company maintains an Internet site at [·]. The Company's website, and the information contained therein, or connected thereto, is not incorporated by reference into this Information Statement or the registration statement of which this Information Statement forms a part.

Reason for Furnishing This Information Statement

This Information Statement is being furnished solely to provide information to shareholders of YUM who will receive shares of Company common stock in the distribution. It is not, and is not to be construed as, an inducement or encouragement to buy or sell any of the Company's securities. The information contained in this Information Statement is believed by the Company to be accurate as of the date set forth on its cover. Changes may occur after that date, and neither YUM nor the Company will update the information except in the normal course of their respective disclosure obligations and practices or as otherwise required by law.

SUMMARY SELECTED HISTORICAL AND UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following table presents the summary selected historical and unaudited pro forma combined financial information of the Company. The selected historical combined financial data includes all revenues, costs, assets and liabilities directly attributable to the Company and which have been used in managing and operating the Company business as part of YUM. We derived the combined statements of income data for the three years ended December 31, 2015, and the combined balance sheets data as of December 31, 2015 and December 31, 2014, as set forth below, from our audited combined financial statements, which are included elsewhere in this Information Statement. We derived the condensed combined statement of income data for the year to date ended May 31, 2016 and the condensed combined balance sheet data as of May 31, 2016 from our unaudited condensed combined financial statements, which are included elsewhere in this Information Statement. We derived the combined balance sheet data as of December 31, 2013 from the Company's unaudited combined financial statements that are not included in this Information Statement.

The unaudited pro forma combined statement of income for the fiscal year ended December 31, 2015 reflects our results as if the separation and related transactions described below had occurred on January 1, 2015. The unaudited pro forma combined balance sheet as of December 31, 2015 reflects our financial position as if the separation and related transactions described below had occurred as of such date. The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information and we believe such assumptions are reasonable under the circumstances. Please see the notes to the unaudited pro forma combined financial statements included elsewhere in this Information Statement for a discussion of adjustments reflected in the unaudited pro forma combined financial statements.

The unaudited pro forma combined financial information presented below is not necessarily indicative of our results of operations or financial condition had the separation and distribution and our anticipated post-separation capital structure been completed on the dates assumed. Also, they may not reflect the results of operations or financial condition that would have resulted had we been operating as an independent, publicly traded company during such periods. In addition, they are not necessarily indicative of our future results of operations or financial condition.

You should read this summary financial and operating data together with "Unaudited Pro Forma Combined Financial Statements," "Capitalization," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements included elsewhere in this Information Statement. Among other things,

the combined financial statements included in this Information Statement include more detailed information regarding the basis of presentation for the information in the following table.

(Dollars in millions, except per share data)	Pro Forma for the Fiscal Year Ended December 31, 2015	Historical for the Year to date Ended May 31, 2016	Historical for the Fiscal Years Ended December 31, 2015	December 31, 2014	December 31, 2013
Combined Statements of Income (Loss) Data:					
Revenues	(Unaudited)				
Company sales	6,789	2,836	6,789	6,821	6,800
Franchise fees and income	120	55	120	113	105
Total revenues	6,909	2,891	6,909	6,934	6,905
Costs and Expenses, Net					
Company restaurants					
Food and paper	2,159	847	2,159	2,207	2,258
Payroll and employee benefits	1,386	587	1,386	1,407	1,360
Occupancy and other operating expenses	2,368	960	2,386	2,415	2,347
Company restaurant expenses	5,913	2,394	5,931	6,029	5,965
General and administrative expenses	395	170	395	389	356
Franchise expenses	63	31	70	64	60
Closures and impairment expenses, net	64	31	64	517	325
Refranchising gain, net	(13)	(4)	(13)	(17)	(5)
Other income, net	(26)	(27)	(26)	(51)	(25)
Total costs and expenses, net	6,396	2,595	6,421	6,931	6,676
Operating Profit(a)	513	296	488	3	229
Interest income, net	8	4	8	14	5
Income Before Income Taxes	521	300	496	17	234
Income tax provision	(174)	(78)	(168)	(54)	(135)
Net Income (loss)—including noncontrolling interests	347	222	328	(37)	99
Net Income (loss)—noncontrolling interests	5	—	5	(30)	(27)
Net Income (loss)—Yum China Holdings, Inc.(a)	342	222	323	(7)	126
Pro Forma net earnings per share:	(Unaudited)				
Basic	[·]	N/A	N/A	N/A	N/A
Diluted	[·]	N/A	N/A	N/A	N/A
Combined Balance Sheets Data	(Unaudited)				
Cash and cash equivalents	N/A	508	425	238	300
Total assets	N/A	3,293	3,201	3,257	3,750

(a) Operating Profit for 2014 and 2013, respectively, includes $463 million and $295 million of expense associated with non-cash impairment of our investment in Little Sheep. After considering the tax benefit associated with these losses and the portion of the net losses allocated to noncontrolling interests, Net Income (loss)—Yum China Holdings, Inc., was negatively impacted by these impairments by $361 million and $258 million in 2014 and 2013, respectively. Excluding these impairments, Net income (loss)—Yum China Holdings, Inc. was income of $354 million and $384 million in 2014 and 2013, respectively.

RISK FACTORS

You should carefully consider each of the following risks, which we believe are the principal risks that we face and of which we are currently aware, in addition to considering all of the other information in this Information Statement. The risk factors have been separated into four general groups: risks related to our business and industry, risks related to doing business in China, risks related to the separation and the investment and risks related to our common stock. Based on the information currently known to us, we believe that the following information identifies the most significant risk factors affecting our company in each of these categories of risk. However, the risks and uncertainties our company faces are not limited to those set forth in the risk factors described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition, or results of operations. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. If any of the following risks and uncertainties develops into actual events, these events could have a material adverse effect on our business, financial condition or results of operations. In such case, the trading price of our common stock could decline.

Risks Related to Our Business and Industry

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

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

Any failure to maintain effective quality control systems for our restaurants could have a material adverse effect on our business, reputation, results of operations and financial condition.

The quality and safety of the food we serve is critical to our success. Maintaining consistent food quality depends significantly on the effectiveness of our and our franchisees' quality control systems, which in turn depends on a number of factors, including the design of our quality control systems and employee implementation and compliance with those quality control policies and guidelines. Our quality control systems consist of (i) supplier quality control, (ii) logistics quality control, (iii) food processing plants' quality control, and (iv) restaurant quality control. There can be no assurance that our and our franchisees' quality control systems will prove to be effective. Any significant failure or deterioration of these quality control systems could have a material adverse effect on our business, reputation, results of operations and financial condition.

Any significant liability claims, food contamination complaints from our customers or reports of incidents of food tampering could adversely affect our reputation, business and operations.

Being in the restaurant industry, we face an inherent risk of food contamination and liability claims. Our food quality depends partly on the quality of the food ingredients and raw materials provided by our suppliers, and we may not be able to detect all defects in our supplies. Any food contamination occurring in raw materials at our suppliers' food processing plants or during the transportation from food processing plants to our restaurants that we fail to detect or prevent could adversely affect the quality of the food served in our restaurants. Due to the scale of our and our franchisees' operations, we also face the risk that certain of our and our franchisees' employees may not adhere to our mandated quality procedures and requirements. Any failure to detect defective food supplies, or observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of the food we offer at our restaurants, which could lead to liability claims, complaints and related adverse publicity, reduced customer traffic at our restaurants, the imposition of penalties against us or our franchisees by relevant authorities and compensation awards by courts. Our sales have been significantly impacted by adverse publicity relating to supplier actions over the past decade. For example, our sales and perception of our brands were significantly impacted following adverse publicity relating to the failure of certain upstream poultry suppliers to meet our standards in late 2012 as well as adverse publicity relating to improper food handling practices by a separate, small upstream supplier in mid-2014. There can be no assurance that similar incidents will not occur again in the future or that we will not receive any food contamination claims or defective products from our suppliers in the future. Any such incidents could materially harm our reputation, results of operations and financial condition.

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

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

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

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

We derive all of our revenue from our operations in China.

All of our restaurants are located, and our revenues and profits originate, in China. As a consequence, our financial results are entirely dependent on our results in China, and our business is highly exposed to all of the risks of doing business there. These risks are described further under the section "Risks Related to Doing Business in China."

The operation of our restaurants is subject to the terms of the master license agreement.

Under the master license agreement with YUM, we are required to comply with certain brand standards established by YUM in connection with the licensed business. If our failure to comply with YUM's standards of operations results in a material adverse effect on any of the Brand business, YUM has various rights, including the right to terminate the applicable license or eliminate the exclusivity of our license in China.

Additionally, the master license agreement will require that we pay a license fee to YUM of 3% of gross revenue from Company and franchise restaurant sales, net of certain taxes and surcharges (referred to in this Information Statement as "net sales") of all restaurants of the licensed brands in China. We have historically not considered such license fee in the evaluation of which Company assets should be tested for impairment. Whether Company store-level assets are impaired will be determined by the overall business performance of the store at that time which will require an assessment of many operational factors. Nonetheless, it is possible that our impairment expense could increase going forward as a result of the inclusion of this license fee. While there may be other considerations that mitigate this expense, it is possible that the imposition of the license fee could impact our unit-level results, which could result in additional Company restaurant closures and/or lower new-unit development.

The master license agreement may also be terminated upon the occurrence of certain events, such as the insolvency or bankruptcy of the Company. If the master license agreement were terminated, or any of our license rights were limited, our business, financial condition and results of operations would be adversely affected. The master license agreement with YUM is further described under the section "Certain Relationships and Related Person Transactions—The Master License Agreement."

Our success is tied to the success of YUM's brand strength, marketing campaigns and product innovation.

The KFC, Pizza Hut Casual Dining, Pizza Hut Home Service and Taco Bell trademarks and related intellectual property are owned by YUM and licensed to us in China. The value of these marks depends on the enforcement of YUM's trademark and intellectual property rights, as well as the strength of YUM's brands. Due to the nature of licensing and our agreements with YUM, our success is, to a large extent, directly related to the success of the YUM restaurant system, including the management, marketing success and product innovation of YUM. Further, if YUM were to reallocate resources away from the KFC, Pizza Hut Casual Dining, Pizza Hut Home Service, or Taco Bell brands, these brands and the license rights that have been granted to us could be harmed globally or regionally, which could have a material adverse effect on our operating results and our competitiveness in China. In addition, strategic decisions made by YUM management related to its brands, marketing and restaurant systems may not be in our best interests and may conflict with our strategic plans.

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

The products sold by us and our franchisees are sourced from a wide variety of suppliers inside and outside of China. We are also dependent upon third parties to make frequent deliveries of food products and supplies that meet our specifications at competitive prices. Shortages or interruptions in the supply of food items and other supplies to our restaurants could adversely affect the availability, quality and cost of items we use and the operations of our restaurants. Such shortages or disruptions could be caused by

inclement weather, natural disasters such as floods, drought and hurricanes, increased demand, problems in production or distribution, restrictions on imports or exports, political instability in the countries in which suppliers and distributors are located, the financial instability of suppliers and distributors, suppliers' or distributors' failure to meet our standards, product quality issues, inflation, other factors relating to the suppliers and distributors and the countries in which they are located, food safety warnings or advisories or the prospect of such pronouncements or other conditions beyond our control. Despite our efforts in developing multiple suppliers for the same items, a shortage or interruption in the availability of certain food products or supplies could still increase costs and limit the availability of products critical to restaurant operations, which in turn could lead to restaurant closures and/or a decrease in sales. In addition, failure by a principal supplier or distributor for us and/or our franchisees to meet its service requirements could lead to a disruption of service or supply until a new supplier or distributor is engaged, and any disruption could have an adverse effect on our business.

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

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

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

Our growth strategy includes expanding our ownership and operation of restaurant units through organic growth by developing new restaurants that meet our investment objectives. We may not be able to achieve our growth objectives and these new restaurants may not be profitable. The opening and success of restaurants we may open in the future depends on various factors, including:

- our ability to obtain or self-fund adequate development financing;
- competition from other quick service restaurants ("QSRs") in current and future markets;
- our degree of penetration in existing markets;
- the identification and availability of suitable and economically viable locations;
- sales and margin levels at existing restaurants;
- the negotiation of acceptable lease or purchase terms for new locations;
- regulatory compliance regarding restaurant opening and operation;
- the ability to meet construction schedules;
- our ability to hire and train qualified restaurant crews; and
- general economic and business conditions.

The prices of raw materials fluctuate.

Our restaurant business depends on reliable sources of large quantities of raw materials such as protein (including poultry, pork, beef and seafood), cheese, oil, flour and vegetables (including potatoes and lettuce). Our raw materials are subject to price volatility caused by any fluctuation in aggregate

supply and demand, or other external conditions, such as climate and environmental conditions where weather conditions or natural events or disasters may affect expected harvests of such raw materials. As a result, the historical prices of raw materials consumed by us have fluctuated. We cannot assure you that we will continue to purchase raw materials at reasonable prices, or that our raw materials prices will remain stable in the future. In addition, because we and our franchisees provide competitively priced food, our ability to pass along commodity price increases to our customers is limited. If we are unable to manage the cost of our raw materials or to increase the prices of our products, it may have an adverse impact on our future profit margin.

We are subject to all of the risks associated with leasing real estate, and any adverse developments could harm our results of operations and financial condition.

As a significant number of our restaurants are operating on leased properties, we are exposed to the market conditions of the retail rental market. As of year-end 2015, we leased the land and/or building for approximately 5,770 restaurants in China. Accordingly, we are subject to all of the risks generally associated with leasing real estate, including changes in the investment climate for real estate, demographic trends, trade zone shifts, central business district relocations, and supply or demand for the use of the restaurants, as well as potential liability for environmental contamination.

We generally enter into lease agreements with initial terms of 10 to 20 years. Less than 5% of our existing leases expire before the end of 2017. Most of our lease agreements contain an early termination clause that permits us to terminate the lease agreement early if the restaurant's unit contribution is negative for a specified period of time. We generally do not have renewal options for our leases and need to negotiate the terms of renewal with the lessor, who may insist on a significant modification to the terms and conditions of the lease agreement.

The rent under the majority of our current restaurant lease agreements is generally payable in one of three ways: (i) fixed rent; (ii) the higher of a fixed base rent or a percentage of the restaurant's annual sales revenue, subject to adjustment; or (iii) a percentage of the restaurant's annual sales revenue, subject to adjustment. Adjustments to rent calculated as a percentage of the restaurant's annual sales revenue generally correspond to the level of annual sales revenue as specified in the agreement. In addition to increases in rent resulting from fluctuations in annual sales revenue, certain of our lease agreements include provisions specifying fixed increases in rental payments over the respective terms of the lease agreements. While these provisions have been negotiated and are specified in the lease agreement, they will increase our costs of operation and therefore may materially and adversely affect our business, results of operation and financial position if we are not able to pass on the increased costs to our customers. Certain of our lease agreements also provide for the payment of a management fee at either a fixed rate or fixed amount per square meter of the relevant leased property.

Where we do not have an option to renew a lease agreement, we must negotiate the terms of renewal with the lessor, who may insist on a significant modification to the terms and conditions of the lease agreement. If a lease agreement is renewed at a rate substantially higher than the existing rate, or if any existing favorable terms granted by the lessor are not extended, we must determine whether it is desirable to renew on such modified terms. If we are unable to renew leases for our restaurant sites on acceptable terms or at all, we will have to close or relocate the relevant restaurants, which would eliminate the sales that those restaurants would have contributed to our revenues during the period of closure, and could subject us to construction, renovation and other costs and risks. In addition, the revenue and any profit generated after relocation may be less than the revenue and profit previously generated before such relocation. As a result, any inability to obtain leases for desirable restaurant locations or renew existing leases on commercially reasonable terms could have a material adverse effect on our business and results of operations.

For details of information regarding our leased properties, please refer to the section entitled "Business—Properties."

We may not be able to obtain desirable restaurant locations on commercially reasonable terms.

We compete with other retailers and restaurants for suitable locations, and the market for retail premises is very competitive in China. Our competitors may negotiate more favorable lease terms than our lease terms, and some landlords and developers may offer priority or grant exclusivity to some of our competitors for desirable locations for various reasons beyond our control. We cannot assure you that we will be able to enter into new lease agreements for prime locations on commercially reasonable terms, if at all. If we cannot obtain desirable restaurant locations on commercially reasonable terms, our business, results of operations and ability to implement our growth strategy may be materially and adversely affected.

Labor shortages or increases in labor costs could slow our growth, harm our business and reduce our profitability.

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

The Chinese Labor Contract Law that became effective on January 1, 2008 formalizes workers' rights concerning overtime hours, pensions, layoffs, employment contracts and the role of trade unions, and provides for specific standards and procedures for employees' protection. Moreover, minimum wage requirements in China have increased and could continue to increase our labor costs in the future. The salary level of employees in the restaurant industry in China has been increasing in the past several years. We may not be able to increase our product prices enough to pass these increased labor costs on to our customers, in which case our business and results of operations would be materially and adversely affected.

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

One of our primary assets is the exclusive right to use the KFC, Pizza Hut Casual Dining, Pizza Hut Home Service and Taco Bell trademarks in restaurants in China. Our success depends in large part upon our ability and our franchisees' ability to maintain and enhance the value of these brands and our customers' loyalty to these brands in China. Brand value is based in part on consumer perceptions on a variety of subjective qualities. Business incidents, whether isolated or recurring, and whether originating from us, our franchisees, competitors, suppliers and distributors or YUM and its other licensees or franchisees, competitors, suppliers and distributors outside China can significantly reduce brand value and consumer trust, particularly if the incidents receive considerable publicity or result in litigation. For example, our brands could be damaged by claims or perceptions about the quality or safety of our products or the quality of our suppliers and distributors, regardless of whether such claims or perceptions are true. Any such incidents (even if resulting from the actions of a competitor) could cause a decline directly or indirectly in consumer confidence in, or the perception of, our brands and/or our products and reduce consumer demand for our products, which would likely result in lower revenues and profits. Additionally, our corporate reputation could suffer from a real or perceived failure of corporate governance or misconduct by a company officer, employee or representative.

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

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

Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our brands, exposure of personally identifiable information, fraud, hoaxes or malicious exposure of false information. The inappropriate use of social media by our customers or employees could increase our costs, lead to litigation or result in negative publicity that could damage our reputation and adversely affect our results of operations.

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

We are involved in legal proceedings from time to time. These proceedings do or could include consumer, employment, real-estate related, tort, intellectual property, breach of contract, and other litigation. As a public company, we may in the future also be involved in legal proceedings alleging violation of securities laws or derivative litigation. Plaintiffs in these types of lawsuits often seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may not be accurately estimated. Regardless of whether any claims against us are valid, or whether we are ultimately held liable, such litigation may be expensive to defend and may divert resources and management attention away from our operations and negatively impact reported earnings. With respect to insured claims, a judgment for monetary damages in excess of any insurance coverage could adversely affect our financial condition or results of operations. Any adverse publicity resulting from these allegations may also adversely affect our reputation, which in turn could adversely affect our results of operations.

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

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

The U.S. Foreign Corrupt Practices Act and similar Chinese laws and other similar applicable laws prohibiting bribery of government officials and other corrupt practices are the subject of increasing emphasis and enforcement around the world. Although we are in the process of implementing policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors, agents or other third parties will not take actions in violation of our policies or applicable law, particularly as we expand our operations through organic growth and acquisitions. Any such violations or suspected violations could subject us to civil or criminal penalties, including substantial fines and significant investigation costs, and could also materially damage the KFC, Pizza Hut Casual Dining, Pizza Hut Home Service and Taco Bell brands, as well as our reputation and

prospects, business and operating results. Publicity relating to any noncompliance or alleged noncompliance could also harm our reputation and adversely affect our revenues and results of operations.

As a U.S. company, we will be subject to U.S. federal income tax on our worldwide income, which could result in material taxes in addition to the taxes on our China business.

We are a U.S. corporation that will indirectly own the subsidiaries that conduct our business in China. As a U.S. corporation, we will be subject to U.S. federal income tax on our worldwide income, including certain income that is distributed or deemed distributed to us by our subsidiaries operating in China. As a result, although substantially all of our profit is anticipated to be earned outside the U.S. and taxed at local tax rates that may be lower than the U.S. statutory tax rate, our after-tax income is expected to be determined based on U.S. tax rates, except with respect to any portion of our income that is permanently reinvested outside the U.S., thus reducing our after-tax profit.

In addition, as a holding company our ability to make distributions to our stockholders generally will be based on our ability to receive distributions from our subsidiaries. As a U.S. company, our receipt of any such distributions from our subsidiaries may result in the current recognition of U.S. taxable income and could cause our effective tax rate to increase to the extent such U.S. income taxes had not already been taken into account in such determination. This incremental U.S. tax cost could affect the amount of distributions we are able to make to our stockholders. For more information regarding our plans to pay dividends, see "Dividend Policy."

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

We are subject to income taxes as well as non-income based taxes, such as payroll, turnover, use, value-added, import, property and withholding taxes, in China and income and other taxes in the U.S. and other jurisdictions. We are also subject to reviews, examinations and audits by Chinese tax authorities, the U.S. Internal Revenue Service (the "IRS"), and other taxing authorities with respect to income and non-income based taxes. If Chinese tax authorities, the IRS, or another taxing authority disagrees with our tax positions, we could face additional tax liabilities, including interest and penalties. Payment of such additional amounts upon final settlement or adjudication of any disputes could have a material impact on our results of operations and financial position.

In addition, we are directly and indirectly affected by new tax legislation and regulation and the interpretation of tax laws and regulations worldwide. Recently, the U.S. government has made public statements indicating that it has made international tax reform a priority, and key members of the U.S. Congress have conducted hearings and proposed new legislation. Certain changes to U.S. tax laws currently proposed by lawmakers would impact the ability of U.S. taxpayers to defer U.S. taxation of foreign earnings and to claim and utilize foreign tax credits. These proposals would also eliminate certain tax deductions until earnings are repatriated to the United States. Moreover, the tax regime in China is rapidly evolving and there can be significant uncertainty for taxpayers in China as Chinese tax laws may change significantly or be subject to uncertain interpretations. Changes in legislation, regulation or interpretation of existing laws and regulations in the U.S., China, and other jurisdictions where we are subject to taxation could increase our taxes and have an adverse effect on our operating results and financial condition.

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

Purchases at our restaurants are discretionary for consumers and, therefore, our results of operations are susceptible to economic slowdowns and recessions. Our results of operations are

dependent upon discretionary spending by consumers, which may be affected by general economic conditions in China. Some of the factors that impact discretionary consumer spending include unemployment rates, fluctuations in the level of disposable income, the price of gasoline, stock market performance and changes in the level of consumer confidence. These and other macroeconomic factors could have an adverse effect on our sales, profitability or development plans, which could harm our financial condition and operating results.

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

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

Any inability to successfully compete with the other restaurants and catering services in our markets may prevent us from increasing or sustaining our revenues and profitability and could have a material adverse effect on our business, financial condition, results of operations and/or cash flows. We may also need to modify or refine elements of our restaurant system in order to compete with popular new restaurant styles or concepts, including delivery aggregators, that develop from time to time. There can be no assurance that we will be successful in implementing any such modifications or that such modifications will not reduce our profitability.

We require various approvals, licenses and permits to operate our business and the loss of or failure to obtain or renew any or all of these approvals, licenses and permits could materially and adversely affect our business and results of operations.

In accordance with the laws and regulations of China, we are required to maintain various approvals, licenses and permits in order to operate our restaurant business. Each of our restaurants in China is required to obtain the relevant food hygiene license or food service license, public assembly venue hygiene license, environmental protection assessment and inspection approval and fire safety design approval and fire prevention inspection report, and some of our restaurants which sell alcoholic beverages are required to make further registrations or obtain additional approvals. These licenses and registrations are achieved upon satisfactory compliance with, among other things, the applicable food safety, hygiene, environmental protection, fire safety, and alcohol laws and regulations. Most of these licenses are subject to periodic examinations or verifications by relevant authorities and are valid only for a fixed period of time and subject to renewal and accreditation. There is no assurance that all of our franchisees will be able to obtain or maintain any of these licenses.

We may not be able to adequately protect the intellectual property we own or have the right to use, which could harm the value of our brands and adversely affect our business and operations.

We believe that our brands are essential to our success and our competitive position. Although the trademarks we use in China are duly registered, these steps may not be adequate to protect these intellectual property rights. See "Certain Relationships and Related Person Transactions—Master License Agreement." In addition, third parties may infringe upon the intellectual property rights we own or have the right to use or misappropriate the proprietary knowledge we use in our business,

primarily our proprietary recipes, which could have a material adverse effect on our business, financial condition or results of operations. The laws of China may not offer the same protection for intellectual property rights as the U.S. and other jurisdictions with more robust intellectual property laws.

We are required under the master license agreement with YUM to police, protect and enforce the trademarks and other intellectual property rights used by us, and to protect trade secrets. Such actions to police, protect, or enforce could result in substantial costs and diversion of resources, which could negatively affect our sales, profitability and prospects. Furthermore, the application of laws governing intellectual property rights in China is uncertain and evolving, and could involve substantial risks to us. Even if actions to police, protect, or enforce are resolved in our favor, we may not be able to successfully enforce the judgment and remedies awarded by the court and such remedies may not be adequate to compensate us for our actual or anticipated losses.

In addition, we may face claims of infringement that could interfere with the use of the proprietary know-how, concepts, recipes or trade secrets we use in our business. Defending against such claims may be costly and, if we are unsuccessful, we may be prohibited from continuing to use such proprietary information in the future or be forced to pay damages, royalties or other fees for using such proprietary information, any of which could negatively affect our sales, profitability and prospects.

Our licensor may not be able to adequately protect its intellectual property, which could harm the value of the KFC, Pizza Hut Casual Dining, Pizza Hut Home Service and Taco Bell brands and branded products and adversely affect our business.

The success of our business depends in large part on our continued ability to use the trademarks, service marks, recipes and other components of the KFC, Pizza Hut Casual Dining, Pizza Hut Home Service and Taco Bell branded systems that we license from YUM pursuant to the master license agreement.

We are not aware of any assertions that the trademarks, menu offerings or other intellectual property rights we license from YUM infringe upon the proprietary rights of third parties, but third parties may claim infringement by us or YUM in the future. Any such claim, whether or not it has merit, could be time-consuming, result in costly litigation, cause delays in introducing new menu items in the future or require us to enter into additional royalty or licensing agreements with third parties. As a result, any such claims could have a material adverse effect on our business, financial condition and results of operations.

Our results of operations may fluctuate due to seasonality and certain major events in China.

Our sales are subject to seasonality. For example, we typically experience higher sales during traditional Chinese festivals and holiday seasons and lower sales and lower operating profit during the second and fourth quarters. As a result of these fluctuations, softer sales during a period in which we have historically experienced higher sales could have a disproportionately negative effect on our full-year results, and comparisons of sales and operating results within a financial year may not be able to be relied on as indicators of our future performance. Any seasonal fluctuations reported in the future may differ from the expectations of our investors.

Our information systems may fail or be damaged, which could harm our operations and our business.

Our operations are dependent upon the successful and uninterrupted functioning of our computer and information systems. Our systems could be exposed to damage or interruption from fire, natural disaster, power loss, telecommunications failure, unauthorized entry and computer viruses. System defects, failures, interruptions, unauthorized entries or viruses could result in:

- additional computer and information security and systems development costs;
- diversion of technical and other resources;

- loss of customers and sales;
- loss or theft of customer, employee or other data;
- negative publicity;
- harm to our business and reputation; and
- exposure to litigation claims, government investigations and enforcement actions, fraud losses or other liabilities.

To the extent we rely on the systems of third parties in areas such as credit card processing, telecommunications and wireless networks, any defects, failures and interruptions in such systems could result in similar adverse effects on our business. Sustained or repeated system defects, failures or interruptions could materially impact our operations and operating results. Also, if we are unsuccessful in updating, upgrading and expanding our systems, our ability to increase comparable store sales, improve operations, implement cost controls and grow our business may be constrained.

Despite the implementation of security measures, our infrastructure may be vulnerable to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, customers or other third parties.

As we operate in the restaurant industry, we usually receive and handle relatively large amounts of cash in our daily operations. Instances of fraud, theft or other misconduct with respect to cash can be difficult to detect, deter and prevent, and could subject us to financial losses and harm our reputation.

We may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial condition and results of operations.

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including, but not limited to, revenue recognition, long-lived asset impairment, impairment of goodwill and other intangible assets, and share-based compensation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported or expected financial performance or financial condition. New accounting guidance may require systems and other changes that could increase our operating costs and/or change our financial statements. For example, implementing future accounting guidance related to leases and other areas impacted by the convergence project between the Financial Accounting Standards Board and the International Accounting Standards Board could require us to make significant changes to our lease management system or other accounting systems, and will result in changes to our financial statements.

Our insurance policies may not provide adequate coverage for all claims associated with our business operations.

By the distribution date, we expect to have obtained insurance policies that we believe are customary for businesses of our size and type and in line with the standard commercial practice in China. However, there are types of losses we may incur that cannot be insured against or that we believe are not cost effective to insure, such as loss of reputation. If we were held liable for uninsured losses or amounts or claims for insured losses exceeding the limits of our insurance coverage, our business and results of operations may be materially and adversely affected.

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

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

Failure by us to maintain effective disclosure controls and procedures and internal control over financial reporting in accordance with the rules of the SEC could harm our business and operating results and/or result in a loss of investor confidence in our financial reports, which could have a material adverse effect on our business.

We will be required to maintain effective disclosure controls and procedures and effective internal control over financial reporting in connection with our filing of periodic reports with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Failure to maintain effective disclosure controls and procedures and internal control over financial reporting or to comply with Section 404 of the Sarbanes-Oxley Act of 2002, or any report by us of a material weakness in such controls, may cause investors to lose confidence in our combined financial statements. If we fail to remedy any material weakness, our combined financial statements may be inaccurate and we may face restricted access to the capital markets, which could adversely affect our business, financial condition and results of operations.

Unforeseeable business interruptions could adversely affect our business.

Our operations are vulnerable to interruption by fires, floods, earthquakes, power failures and power shortages, hardware and software failures, computer viruses and other events beyond our control. In particular, our business is dependent on prompt delivery and reliable transportation of our food products by our logistics partners. Unforeseeable events, such as adverse weather conditions, natural disasters, severe traffic accidents and delays, non-cooperation of our logistics partners, and labor strikes, could lead to delay or lost deliveries to our restaurants, which may result in the loss of revenue or in customer claims. There may also be instances where the conditions of fresh, chilled or frozen food products, being perishable goods, deteriorate due to delivery delays, malfunctioning of refrigeration facilities or poor handling during transportation by our logistics partners. This may result in a failure by us to provide quality food and services to customers, thereby affecting our business and potentially damaging our reputation. Any such events experienced by us could disrupt our operations.

Risks Related to Doing Business in China

Changes in Chinese political policies and economic and social policies or conditions may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

Substantially all of our assets and business operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally, and by continued economic growth in China as a whole. The Chinese economy, markets and levels of consumer spending are

influenced by many factors beyond our control, including current and future economic conditions, political uncertainty, unemployment rates, inflation, fluctuations in the level of disposable income, taxation, foreign exchange control, and changes in interest and currency exchange rates.

The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, foreign exchange control and fiscal measures and allocation of resources. Although the Chinese government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the restructuring of state assets and state owned enterprises, and the establishment of improved corporate governance in business enterprises, a significant portion of productive assets in China is still owned or controlled by the Chinese government. The Chinese government also exercises significant control or influence over Chinese economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary and fiscal policies, regulating financial services and institutions and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth in recent decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall Chinese economy but may also have a negative effect on us. Our financial condition and results of operations could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. In addition, the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China. Since 2012, Chinese economic growth has slowed and any prolonged slowdown in the Chinese economy may reduce the demand for our products and adversely affect our business, financial condition and results of operations. Restaurant dining, and specifically casual dining, is discretionary for customers and tends to be higher during periods in which favorable economic conditions prevail. Customers' tendency to become more cost-conscious as a result of an economic slowdown or decreases in disposable income may reduce our customer traffic or average revenue per customer, which may adversely affect our revenues.

Uncertainties with respect to the interpretation and enforcement of Chinese laws, rules and regulations could have a material adverse effect on us.

Substantially all of our operations are conducted in China, and are governed by Chinese laws, rules and regulations. Our subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The Chinese legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which legal cases may be cited for reference but have limited value as precedents. In the late 1970s, the Chinese government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. However, since these laws and regulations are relatively new and the Chinese legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties.

From time to time, we may have to resort to administrative and court proceedings to interpret and/or enforce our legal rights. However, since Chinese administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings, and the level of legal protection we enjoy, than in more developed legal systems. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Furthermore, the Chinese legal system is based in part on government policies and internal

rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially adversely affect our business and impede our ability to continue our operations.

Fluctuation in the value of the RMB may have a material adverse effect on your investment.

The conversion of RMB into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China ("PBOC"). The Chinese government allowed the RMB to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, the exchange rate between the RMB and the U.S. dollar remained within a narrow range. After June 2010, the Chinese government allowed the RMB to appreciate slowly against the U.S. dollar again. On August 11, 2015, however, the PBOC allowed the RMB to depreciate by approximately 2% against the U.S. dollar. Changes in the value of the RMB against the U.S. dollar may occur relatively suddenly, as was the case, for example, in August 2015. It is difficult to predict how market forces or Chinese or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

Substantially all of our revenues and costs are denominated in RMB. As a Delaware holding company, we may rely on dividends and other fees paid to us by our subsidiaries in China. Any significant revaluation of the RMB may materially affect our cash flows, net revenues, earnings and financial position, and the value of, and any dividends payable on, our common stock in U.S. dollars. For example, an appreciation of the RMB against the U.S. dollar would make any new RMB-denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into RMB for such purposes. Conversely, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our common stock. If we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our common stock, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us.

Very few hedging options are available in China to reduce our exposure to exchange rate fluctuations. In addition, our currency exchange loss may be magnified by Chinese exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates and restrictions on exchange may have a material adverse effect on your investment.

Changes in the laws and regulations of China or non-compliance with applicable laws and regulations may have a significant impact on our business, financial condition and results of operations.

Our business and operations are subject to the laws and regulations of China. The continuance of our operations depends upon compliance with, *inter alia*, applicable Chinese environmental, health, safety, labor, social security, pension and other laws and regulations. Failure to comply with such laws and regulations could result in fines, penalties or lawsuits. In addition, there is no assurance that we will be able to comply fully with applicable laws and regulations should there be any amendment to the existing regulatory regime or implementation of any new laws and regulations.

Furthermore, our business and operations in China entail the procurement of licenses and permits from the relevant authorities. Difficulties or failure in obtaining the required permits, licenses and certificates could result in our inability to continue our business in China in a manner consistent with past practice. In such an event, our business, financial condition and results of operations may be adversely affected.

We expect to rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries in China to fund offshore cash requirements.

We are a holding company and conduct all of our business through our operating subsidiaries. We expect to rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries for our cash requirements. As noted above, distributions to us from our subsidiaries may result in incremental tax costs.

The laws, rules and regulations applicable to our Chinese subsidiaries permit payments of dividends only out of their accumulated profits, if any, determined in accordance with applicable Chinese accounting standards and regulations. In addition, under Chinese law an enterprise incorporated in China is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. As a result, our Chinese subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends. At the discretion of the board of directors, as an enterprise incorporated in China, each of our Chinese subsidiaries may allocate a portion of its after-tax profits based on Chinese accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. Any limitation on the ability of our Chinese subsidiaries to pay dividends or make other distributions to us could limit our ability to make investments or acquisitions outside of China that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

In addition, China Enterprise Income Tax Law (the "EIT Law") and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to companies that are not China resident enterprises unless otherwise reduced according to treaties or arrangements between the Chinese central government and the governments of other countries or regions where the non-China resident enterprises are incorporated. Although a foreign tax credit is generally available against our U.S. federal income taxes for such withholding taxes, the ability to utilize foreign tax credits is subject to complex limitations and as such we may be limited in our ability to offset any such Chinese withholding tax against our U.S. federal income tax liabilities.

Restrictive covenants in bank credit facilities, joint venture agreements or other arrangements that we or our subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to pay dividends or make distributions or remittances to us. These restrictions could reduce the amount of dividends or other distributions we receive from our subsidiaries, which in turn could restrict our ability to return capital to our stockholders in the future.

Under the EIT Law, if we are classified as a China resident enterprise for Chinese enterprise income tax purposes such classification would likely result in unfavorable tax consequences to us and our non-Chinese stockholders.

Under the EIT Law and its implementation rules, an enterprise established outside China with a "de facto management body" within China is considered a China resident enterprise for Chinese enterprise income tax purposes. A China resident enterprise is generally subject to certain Chinese tax reporting obligations and a uniform 25% enterprise income tax rate on its worldwide income. Furthermore, under the EIT Law, if we are a China resident enterprise (i) dividends paid by us to our non-Chinese stockholders would be subject to a 10% dividend withholding tax or a 20% individual income tax if the stockholder is an individual and (ii) such non-Chinese stockholders may become subject to Chinese tax and filing obligations as well as withholding with respect to any disposition of our stock, subject to certain treaty or other exemptions or reductions.

The Company and each Company subsidiary that is organized outside of China intend to conduct their management functions in a manner that does not cause them to be China resident enterprises,

including by carrying on their day-to-day management activities and maintaining their key assets and records, such as resolutions of their board of directors and resolutions of stockholders, outside of China. As such, we do not believe that the Company or any of its non-Chinese subsidiaries should be considered a China resident enterprise for purposes of the EIT Law. However, given the uncertainty regarding the application of the EIT Law to the Company and its future operations, there can be no assurance that the Company or any of its non-Chinese subsidiaries will not be treated as a China resident enterprise now or in the future for Chinese tax law purposes.

For details of certain Chinese tax considerations related to the distribution and ownership of our common stock, see "Material Chinese Tax Consequences."

We and our stockholders face uncertainty with respect to indirect transfers of equity interests in China resident enterprises through transfer of non-Chinese-holding companies. Enhanced scrutiny by the Chinese tax authorities may have a negative impact on potential acquisitions and dispositions we may pursue in the future.

In February 2015, the Chinese State Administration of Taxation ("SAT") issued the SAT's Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises ("Bulletin 7"). Pursuant to Bulletin 7, an "indirect transfer" of Chinese taxable assets, including equity interests in a China resident enterprise ("Chinese interests"), by a non-resident enterprise, may be recharacterized and treated as a direct transfer of Chinese taxable assets, if such arrangement does not have reasonable commercial purpose and the transferor has avoided payment of Chinese enterprise income tax. Where a non-resident enterprise conducts an "indirect transfer" of Chinese interests by disposing of equity interests in an offshore holding company that directly or indirectly owns Chinese interests, the transferor, transferee, and/or the China resident enterprise may report such indirect transfer to the relevant Chinese tax authority, which in turn reports to the SAT. Using general anti-tax avoidance provisions, the SAT may treat such indirect transfer as a direct transfer of Chinese interests if the transfer has avoided Chinese tax by way of an arrangement without reasonable commercial purpose. As a result, gains derived from such indirect transfer may be subject to Chinese enterprise income tax, and the transferee or other person who is obligated to pay for the transfer would be obligated to withhold the applicable taxes, currently at a rate of up to 10% of the capital gain in the case of an indirect transfer of equity interests in a China resident enterprise. Both the transferor and the party obligated to withhold the applicable taxes may be subject to penalties under Chinese tax laws if the transferor fails to pay the taxes and the party obligated to withhold the applicable taxes fails to withhold the taxes. However, the above regulations do not apply if either (i) the selling non-resident enterprise recognizes the relevant gain by purchasing and selling equity of the same listed enterprise in the open market (the "listed enterprise exception"); or (ii) the selling non-resident enterprise would have been exempted from enterprise income tax in China if it had directly held and transferred such Chinese interests that were indirectly transferred. Under current law, the China indirect transfer rules do not apply to gains recognized by individual stockholders, regardless of whether or not they acquire or transfer our stock in open market transactions. However, in practice there have been a few reported cases of individuals being taxed on the indirect transfer of Chinese interests and the law could be changed so as to apply to individual stockholders, possibly with retroactive effect.

It is unclear whether Company stockholders that acquire Company stock through the distribution will be treated as acquiring Company stock in an open market purchase. If such Company stock is not treated as acquired in an open market purchase, the listed transaction exception will not be available for transfers of such stock. Following the distribution, we expect that transfers in open market transactions of our stock by corporate or other non-individual stockholders that have purchased our stock in open market transactions will not be taxable under the China indirect transfer rules due to the listed enterprise exception. Transfers, whether in the open market or otherwise, of our stock by

corporate and other non-individual stockholders that acquired our stock in the distribution or in non-open market transactions may be taxable under the China indirect transfer rules and our China subsidiaries may have filing obligations in respect of such transfers. Transfers of our stock in non-open market transactions by corporate and other non-individual stockholders may be taxable under the China indirect transfer rules, whether or not such stock was acquired in open market transactions, and our China subsidiaries may have filing obligations in respect of such transfers. Corporate and other non-individual stockholders may be exempt from taxation under the China indirect transfer rules with respect to transfers of our stock if they are tax resident in a country or region that has a tax treaty or arrangement with China that provides for a capital gains tax exemption and they qualify for that exemption. For example, under the U.S.-China double tax treaty, a stockholder that is a U.S. tax resident and that disposes of stock representing less than 25% of our outstanding stock should be exempt from Chinese capital gains tax. However, we face uncertainties with respect to the reporting and tax treatment of transactions involving the transfer of equity interests in our company by investors that are non-China resident enterprises.

In addition, we may be subject to these indirect transfer rules in the event of any future sale of a China resident enterprise through the sale of a non-Chinese holding company, or the purchase of a China resident enterprise through the purchase of a non-Chinese holding company. Our company and other non-resident enterprises in our group may be subject to filing obligations or taxation if our company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our company and other non-resident enterprises in our group are transferees in such transactions.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China based on United States or other foreign laws against us and our management.

We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, some of our directors and executive officers reside within China. As a result, it may not be possible to effect service of process within the United States or elsewhere outside of China upon these persons, including with respect to matters arising under applicable U.S. federal and state securities laws. It may also be difficult for investors to bring an original lawsuit against us or our directors or executive officers based on U.S. federal securities laws in a Chinese court. Moreover, China does not have treaties with the United States providing for the reciprocal recognition and enforcement of judgments of courts. Therefore, even if a judgment were obtained against us or our management for matters arising under U.S. federal or state securities laws or other applicable U.S. federal or state law, it may be difficult to enforce such a judgment.

Certain defects caused by non-registration of our lease agreements related to certain properties occupied by us in China may materially and adversely affect our ability to use such properties.

As of December 31, 2015, we leased approximately 5,770 properties in China, and to our knowledge, the lessors of most properties leased by us, most of which are used as premises for our restaurants, had not registered the lease agreements with government authorities in China.

According to Chinese laws, a lease agreement is generally required to be registered with the relevant land and real estate administration bureau. However, the enforcement of this legal requirement varies depending on the local regulations and practices and, in cities where we operate a significant number of restaurants, the local land and real estate administration bureaus no longer require registration or no longer impose fines for failure to register the lease agreements. In addition, our standard lease agreements require the lessors to make such registration and, although we have proactively requested that the applicable lessors complete or cooperate with us to complete the registration in a timely manner, we are unable to control whether and when such lessors will do so.

A failure to register a lease agreement will not invalidate the lease agreement but may subject the parties to a fine. Depending on the local regulations, the lessor alone or both the lessor and lessee are under the obligation to register a lease agreement with the relevant land and real estate administration bureau. In the event that a fine is imposed on both the lessor and lessee, and if we are unable to recover from the lessor any fine paid by us based on the terms of the lease agreement, such fine will be borne by us.

To date, the operation of our restaurants has not been disrupted due to the non-registration of our lease agreements. No fines, actions or claims have been instituted against us or, to our knowledge, the lessors with respect to the non-registration of our lease agreements. However, we cannot assure you that our lease agreements relating to, and our right to use and occupy, our premises will not be challenged in the future.

Our restaurants are susceptible to risks in relation to unexpected land acquisitions, building closures or demolitions.

The Chinese government has the statutory power to acquire any land use rights of land plots and the buildings thereon in China in the public interest subject to certain legal procedures. Under the Regulations for the Expropriation of and Compensation for Housing on State-owned Land, issued by the State Council, which became effective as of January 21, 2011, there is no legal provision that the tenant of an expropriated property is entitled to compensation. Generally speaking, only the owner of such property is entitled to compensation from the government. The claims of the tenant against the landlord will be subject to the terms of the lease agreement. In the event of any compulsory acquisition, closure or demolition of any of the properties at which our restaurants or facilities are situated, we may not receive any compensation from the government or the landlord. In such event, we may be forced to close the affected restaurant(s) or relocate to other locations, which may have an adverse effect on our business and results of operations.

Governmental control of currency conversion may limit our ability to utilize our cash balances effectively and affect the value of your investment.

The Chinese government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. Under our current corporate structure as a Delaware holding company, our income is primarily derived from the earnings from our Chinese subsidiaries. Substantially all revenues of our Chinese subsidiaries are denominated in RMB. Shortages in the availability of foreign currency may restrict the ability of our Chinese subsidiaries to remit sufficient foreign currency to pay dividends or to make other payments to us, or otherwise to satisfy their foreign currency-denominated obligations. Under existing Chinese foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from China's State Administration of Foreign Exchange ("SAFE") by complying with certain procedural requirements. However, for any Chinese company, dividends can be declared and paid only out of the retained earnings of that company under Chinese law. Furthermore, approval from SAFE or its local branch is required where RMB are to be converted into foreign currencies and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. Specifically, under the existing exchange restrictions, without a prior approval of SAFE, cash generated from the operations of our subsidiaries in China may not be used to pay dividends by our Chinese subsidiaries to our company and pay employees of our Chinese subsidiaries who are located outside China in a currency other than the RMB. With a prior approval from SAFE, cash generated from the operations of our Chinese subsidiaries and consolidated affiliated entities may not be used to pay off debt in a currency other than the RMB owed by our subsidiaries and consolidated affiliated entities to entities outside China, or make other capital expenditures outside China in a currency other than the RMB.

The Chinese government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in currencies other than RMB to our stockholders or service and repay our indebtedness when due.

Furthermore, because repatriation of funds of our Chinese subsidiaries requires the prior approval of SAFE, such repatriation could be delayed, restricted or limited. There can be no assurance that the rules and regulations pursuant to which SAFE grants or denies such approval will not change in a way that adversely affects the ability of our Chinese subsidiaries to repatriate funds out of China. Any limitation on the ability of our Chinese subsidiaries to repatriate funds from China could materially and adversely affect our ability to pay dividends or otherwise fund and conduct our business.

Any failure to comply with Chinese regulations regarding our employee equity incentive plans may subject Chinese plan participants or us to fines and other legal or administrative sanctions.

Pursuant to SAFE Circular 37, China residents who participate in share incentive plans in overseas non-publicly listed companies may submit applications to SAFE or its local branches for foreign exchange registration with respect to offshore special purpose companies. Our directors, executive officers and other employees who are Chinese citizens or who have resided in China for a continuous period of not less than one year and who have been granted restricted shares, RSUs, SARs, or options may follow SAFE Circular 37 to apply for foreign exchange registration before our company becomes an overseas listed company. After our company becomes an overseas listed company upon completion of the distribution, we and our directors, executive officers and other employees who are Chinese citizens or who have resided in China for a continuous period of not less than one year and who have been granted restricted shares, RSUs, SARs, or options will be subject to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, according to which, employees, directors, supervisors and other management members participating in any stock incentive plan of an overseas publicly-listed company who are Chinese citizens or who are non-Chinese citizens residing in China for a continuous period of not less than one year, subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, which could be a Chinese subsidiary of such overseas listed company, and complete certain other procedures. Failure to complete SAFE registrations may result in fines and legal sanctions and may also limit our ability to make payments under our equity incentive plans or receive dividends or sales proceeds related thereto, or our ability to contribute additional capital into our wholly-foreign owned enterprises in China and limit our wholly-foreign owned enterprises' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional equity incentive plans for our directors and employees under Chinese law.

In addition, the SAT has issued circulars concerning employee SARs, share options and restricted shares. Under these circulars, employees working in China who exercise share options, or whose restricted shares or RSUs vest, will be subject to Chinese individual income tax. The Chinese subsidiaries of an overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees related to their share options, restricted shares, SARs, or RSUs. Although we currently intend to withhold income tax from our Chinese employees in connection with their exercise of options and the vesting of their restricted shares and RSUs, if the employees fail to pay, or Chinese subsidiaries fail to withhold, their income taxes according to relevant laws, rules and regulations, Chinese subsidiaries may face sanctions imposed by the tax authorities or other Chinese government authorities.

Failure to make adequate contributions to various employee benefit plans as required by Chinese regulations may subject us to penalties.

Companies operating in China are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their businesses. While we believe we comply with all material aspects of relevant regulations, the requirements governing employee benefit plans have not been implemented consistently by the local governments in China given the different levels of economic development in different locations. If we are subject to late fees or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected.

The audit report included in this Information Statement is prepared by auditors who are not currently inspected by the Public Company Accounting Oversight Board and, as such, our stockholders are deprived of the benefits of such inspection.

As an auditor of companies that are publicly traded in the United States and a firm registered with the Public Company Accounting Oversight Board ("PCAOB"), our independent registered public accounting firm is required under the laws of the United States to undergo regular inspections by the PCAOB. However, because we have substantial operations within China, our independent registered public accounting firm's audit documentation related to their audit report included in this Information Statement is located in China. The PCAOB is currently unable to conduct inspections in China or review audit documentation located within China without the approval of Chinese authorities.

Inspections of other auditors conducted by the PCAOB outside of China have at times identified deficiencies in those auditors' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The lack of PCAOB inspections of audit work undertaken in China prevents the PCAOB from regularly evaluating our auditor's audits and its quality control procedures. As a result, stockholders may be deprived of the benefits of PCAOB inspections, and may lose confidence in our reported financial information and procedures and the quality of our financial statements.

Proceedings instituted by the SEC against five China-based accounting firms, including our independent registered public accounting firm, could result in our financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In late 2012, the SEC commenced administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese member firms of the "big four" accounting firms, including our independent registered public accounting firm. The Rule 102(e) proceedings initiated by the SEC relate to the failure of these firms to produce certain documents, including audit work papers, in response to a request from the SEC pursuant to Section 106 of the Sarbanes-Oxley Act of 2002. The auditors located in China claim they are not in a position lawfully to produce such documents directly to the SEC because of restrictions under Chinese law and specific directives issued by the China Securities Regulatory Commission ("CSRC"). The issues raised by the proceedings are not specific to our auditor or to us, but potentially affect equally all PCAOB-registered audit firms based in China and all businesses based in China (or with substantial operations in China) with securities listed in the United States. In addition, auditors based outside of China are subject to similar restrictions under Chinese law and CSRC directives in respect of audit work that is carried out in China which supports the audit opinions issued on financial statements of entities with substantial China operations.

In January 2014, the administrative judge reached an initial decision that the Chinese member firms of the "big four" accounting firms should be barred from practicing before the SEC for a period of six months. In February 2014, the accounting firms filed a petition for review of the initial decision. In February 2015, the Chinese member firms of the "big four" accounting firms reached a settlement with the SEC. As part of the settlement, each of the "big four" accounting firms agreed to a censure and to pay a fine to the SEC to settle the dispute with the SEC. The settlement stays the current proceeding for four years, during which time the firms are required to follow detailed procedures to seek to provide the SEC with access to Chinese firms' audit documents via the CSRC. If a firm does not follow the procedures, the SEC may impose penalties such as suspensions, or commence a new, expedited administrative proceeding against any non-compliant firm. The SEC could also restart administrative proceedings against all four firms.

If our independent registered public accounting firm were denied, even temporarily, the ability to practice before the SEC, and we are unable to timely find another independent registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to delisting of our common stock from the New York Stock Exchange. Moreover, any negative news about the proceedings against these audit firms may adversely affect investor confidence in companies with substantial China based operations listed in on securities exchanges in the United States. All of these factors could materially and adversely affect the market price of our common stock and our ability to access the capital markets.

Chinese regulation of loans to, and direct investment in, Chinese entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from making loans to our Chinese entities or making additional capital contributions to our Chinese subsidiaries, which may materially and adversely affect our liquidity and our ability to fund and expand our business.

We are a Delaware holding company conducting our operations in China through our Chinese subsidiaries. We may make loans to our Chinese subsidiaries, or we may make additional capital contributions to our Chinese subsidiaries, or we may establish new Chinese subsidiaries and make capital contributions to these new Chinese subsidiaries, or we may acquire offshore entities with business operations in China in an offshore transaction.

Most of these uses are subject to Chinese regulations and approvals. For example, loans by us to our wholly-owned Chinese subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. If we decide to finance our wholly-owned Chinese subsidiaries by means of capital contributions, these capital contributions must be approved by the China Ministry of Commerce ("MOFCOM") or its local counterpart.

On August 29, 2008, SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular 142 provides that RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within China with limited exceptions (*e.g.*, by holding companies, venture capital or private equity firms). In addition, SAFE strengthened its oversight of the flow and use of the RMB capital converted from the foreign currency registered capital of a foreign-invested company. The use of such RMB capital may not be altered without SAFE approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. Such requirements are also known as the "payment-based foreign currency settlement system" established under SAFE Circular 142. Violations of SAFE Circular 142 could result in monetary or other penalties. Furthermore, SAFE promulgated a

circular on November 9, 2010, known as Circular 59, and another supplemental circular on July 18, 2011, known as Circular 88, which both tighten the examination of the authenticity of settlement of foreign currency capital or net proceeds from overseas listings. SAFE further promulgated the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses, or Circular 45, on November 9, 2011, which expressly prohibits foreign-invested enterprises from using registered capital settled in RMB converted from foreign currencies to grant loans through entrustment arrangements with a bank, repay inter-company loans or repay bank loans that have been transferred to a third party. Circular 142, Circular 59, Circular 88 and Circular 45 may significantly limit our ability to make loans or capital contributions to our Chinese subsidiaries and to convert such proceeds into RMB, which may adversely affect our liquidity and our ability to fund and expand our business in China.

Furthermore, on April 8, 2015, SAFE promulgated the Circular on the Reform of the Administrative Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or Circular 19, which became effective as of June 1, 2015. This Circular 19 is to implement the so-called "conversion-at-will" of foreign currency in capital account, which was established under a circular issued by SAFE on August 4, 2014, or Circular 36, and was implemented in 16 designated industrial parks as a reform pilot. The Circular 19 now implements the conversion-at-will of foreign currency settlement system nationally, and it abolishes the application of Circular 142, Circular 88 and Circular 36 starting from June 1, 2015. Among other things, under Circular 19, foreign-invested enterprises may either continue to follow the payment-based foreign currency settlement system or elect to follow the conversion-at-will of foreign currency settlement system. Where a foreign-invested enterprise follows the conversion-at-will of foreign currency settlement system, it may convert any or 100% of the amount of the foreign currency in its capital account into RMB at any time. The converted RMB will be kept in a designated account known as "Settled but Pending Payment Account," and if the foreign-invested enterprise needs to make further payment from such designated account, it still needs to provide supporting documents and go through the review process with its bank. If under special circumstances the foreign-invested enterprise cannot provide supporting documents in time, Circular 19 grants the banks the power to provide a grace period to the enterprise and make the payment before receiving the supporting documents. The foreign-invested enterprise will then need to submit the supporting documents within 20 working days after payment. In addition, foreign-invested enterprises are now allowed to use their converted RMB to make equity investments in China under Circular 19. However, foreign-invested enterprises are still required to use the converted RMB in the designated account within their approved business scope under the principle of authenticity and self-use. It remains unclear whether a common foreign-invested enterprise, other than such special types of enterprises as holding companies, venture capital or private equity firms, can use the converted RMB in the designated account to make equity investments if equity investment or similar activities are not within their approved business scope.

In light of the various requirements imposed by Chinese regulations on loans to and direct investment in Chinese entities by offshore holding companies as discussed above, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to future loans by us to our Chinese subsidiaries or with respect to future capital contributions by us to our Chinese subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to capitalize or otherwise fund our Chinese operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Risks Related to the Separation and the Investment

The combined post-separation value of YUM and the Company's common stock may not equal or exceed the pre-separation value of YUM common stock.

As a result of the distribution, YUM expects the trading price of YUM common stock immediately following the distribution to be lower than the "regular-way" trading price of such common stock immediately prior to the distribution because the trading price will no longer reflect the value of the business held by the Company. The aggregate market value of YUM common stock and Company common stock following the separation may be higher or lower than the market value of YUM common stock immediately prior to the separation.

The separation may not achieve some or all of the anticipated benefits.

We may not realize some or all of the anticipated strategic, financial, operational or other benefits from the separation. The separation and distribution is expected to provide the following benefits, among others:

- allowing each company to focus on and more effectively pursue its own distinct operating priorities and strategies, and enabling the management of each company to concentrate efforts on the unique needs of each business and pursue distinct opportunities for long-term growth and profitability;
- permitting each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business in a time and manner appropriate for its distinct strategy and business needs and facilitating a more efficient allocation of capital;
- creating an independent equity structure that will afford the Company direct access to capital markets and facilitating the ability of the Company to capitalize on its unique growth opportunities and effect future acquisitions utilizing its common stock;
- facilitating incentive compensation arrangements for employees more directly tied to the performance of the relevant company's business, and enhancing employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives;
- allowing investors to separately value YUM and the Company based on their unique investment identities, including the merits, performance and future prospects of their respective businesses, and providing investors with two distinct and targeted investment opportunities; and
- optimizing the capital structure of both YUM and the Company, enabling YUM to take on additional leverage, optimize its capital structure and return cash to stockholders, and allowing the Company to have no material debt immediately following the separation.

We may not achieve these and other anticipated benefits for a variety of reasons, including, among others:

- the separation will require significant amounts of Company management's time and effort, which may divert Company management's attention from operating and growing the Company's business;
- following the separation, the Company may be more susceptible to market fluctuations and other adverse events than if it were still a part of YUM;
- following the separation, the Company's business will be less diversified than YUM's business prior to the separation; and

- the other actions required to separate YUM's and the Company's respective businesses could disrupt the Company's operations.

As independent publicly traded companies, the Company and YUM will be smaller than the combined companies pre-separation and the Company will be less diversified with business operations almost entirely in China. As a result, each company may be more vulnerable to changing market conditions, which could materially and adversely affect their respective business, financial condition and results of operations.

If the distribution does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, the Company and YUM shareholders could be subject to significant tax liabilities, and, in certain circumstances, the Company could be required to indemnify YUM for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.

As discussed above, the distribution will be conditioned on YUM's receipt of opinions of outside advisors regarding the tax-free treatment of the distribution for U.S. federal income tax purposes. The opinions will rely on various assumptions and representations as to factual matters made by YUM and us which, if inaccurate or incomplete in any material respect, would jeopardize the conclusions reached by such advisors in their opinions. The opinions will not be binding on the IRS or the courts, and there can be no assurance that the IRS or the courts will not challenge the conclusions stated in the opinions or that any such challenge would not prevail.

If, notwithstanding receipt of the opinions, the distribution were determined to be a taxable transaction, YUM would be treated as having sold shares of the Company in a taxable transaction, likely resulting in a significant taxable gain. Furthermore, YUM shareholders who receive shares of Company common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares. Pursuant to the tax matters agreement, the Company and Yum Restaurants Consulting (Shanghai) Company Limited ("YCCL") will agree to indemnify YUM for any taxes and related losses resulting from any breach of covenants regarding the preservation of the tax-free status of the distribution, certain acquisitions of our equity securities or assets, or those of certain of our affiliates or subsidiaries, and any breach by us or any member of our group of certain representations in the documents delivered by us in connection with the distribution. Therefore, if the distribution fails to qualify as a transaction that is generally tax-free as a result of one of these actions or events, we may be required to make material payments to YUM under this indemnity.

YUM may be subject to Chinese indirect transfer tax with respect to the distribution, in which event the Company could be required to indemnify YUM for material taxes and related amounts pursuant to indemnification obligations under the tax matters agreement.

As noted above, Bulletin 7 provides that in certain circumstances a non-resident enterprise may be subject to Chinese enterprise income tax on an "indirect transfer" of Chinese interests. YUM has informed us that it believes that the distribution has reasonable commercial purpose and that it is more likely than not that YUM will not be subject to this tax with respect to the distribution. However, there are significant uncertainties regarding the circumstances in which the tax will apply, and there can be no assurances that the Chinese tax authorities will not seek to impose this tax on YUM.

Pursuant to the tax matters agreement, the Company and YCCL will indemnify YUM for a portion (tied to the relative market capitalization of YUM and the Company) of any taxes and related losses resulting from the application of Bulletin 7 to the distribution. Alternatively, if Bulletin 7 applies to the distribution as a result of a breach by the Company or Company group members of certain representations or covenants, or due to certain actions of the Company or Company group members following the distribution, the Company and YCCL generally will indemnify YUM for all such taxes

and related losses. Therefore, if YUM is subject to such Chinese tax with respect to the distribution, we may be required to make material payments to YUM under this indemnity. Such payments could have a material adverse effect on our financial condition.

Our ability to engage in strategic transactions following the separation may be limited. In addition, we could be liable for adverse tax consequences resulting from engaging in such transactions.

To preserve the tax-free treatment to YUM and its shareholders of the separation and the distribution for U.S. federal income tax purposes, under the tax matters agreement that we will enter into with YUM, for a period of time following the distribution, we generally will be prohibited from taking certain actions that could prevent the distribution and related transactions from qualifying as a transaction that is generally tax-free, for U.S. federal income tax purposes under Sections 355 and 361 of the Code. Under the tax matters agreement, for the two-year period following the distribution, it is expected that the Company will be prohibited, except in certain circumstances, from:

- facilitating, permitting, or participating in any transaction or transactions resulting in the acquisition of 40% or more of its stock;
- entering into any transaction or transactions resulting in the acquisition of 50% or more of its assets, whether by merger or otherwise;
- transferring assets in certain tax-free mergers or consolidations or liquidating;
- issuing equity securities other than pursuant to certain employment related issuances;
- redeeming or repurchasing its capital stock other than in certain open market transactions; and
- ceasing to actively conduct its business.

In addition, following the distribution, the Company will be prohibited from taking any action that, or failing to take any action the failure of which to take, would be inconsistent with the tax-free treatment of the distribution and related transactions.

These restrictions may limit our ability to pursue certain strategic transactions or other transactions that may maximize the value of our business.

Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject following the separation and the distribution.

Our financial results previously were included within the consolidated results of YUM, and our reporting and control systems were appropriate for those of a subsidiary of a public company. Prior to the distribution, we are not directly subject to reporting and other requirements of the Exchange Act, and Section 404 of the Sarbanes-Oxley Act of 2002. As an independent company, we will be subject to additional reporting and other requirements, which may require, among other things, annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent registered public accounting firm addressing these assessments. These and other obligations may place significant demands on our management, administrative and operational resources, including accounting and IT resources.

To comply with these requirements, we may, in the foreseeable future, need to implement additional financial and management controls, reporting systems and procedures, and hire additional staff. We expect to incur additional annual expenses related to these steps, which expenses may be significant. If we are unable to upgrade our financial and management controls, reporting systems and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies could be impaired. Any failure to

achieve and maintain effective internal controls could have a material adverse effect on our business, results of operations and financial condition.

We also expect that being a public company subject to additional laws, rules and regulations will require the investment of additional resources to comply with these laws, rules and regulations. In this regard, we will incur expenses related to, among other things, director and officer liability insurance, director fees, expenses associated with our SEC reporting obligations, transfer agent fees, increased auditing and legal fees and similar expenses, which expenses may be significant.

Our management does not have experience managing a public company, our current resources may not be sufficient to fulfill our public company obligations and regulatory compliance may divert management's attention from the day-to-day management of our business.

Our management team does not have experience managing a publicly traded company, interacting with public company investors or complying with the increasingly complex laws and requirements pertaining to public companies. These requirements include record keeping, financial reporting and corporate governance rules and regulations. Our management team may not successfully or efficiently manage our transition to becoming a public company that will be subject to significant regulatory oversight and reporting obligations under U.S. federal securities laws and the scrutiny of securities analysts and investors. These new obligations will require substantial attention from our management team and could divert its attention away from the day-to-day management of our business, which could adversely affect our business, financial condition and operating results.

There can be no assurance that we will have access to the capital markets on terms acceptable to us.

From time to time, we may need to access the long-term and short-term capital markets to obtain financing. Although we believe that the sources of capital in place at the time of the distribution will permit us to finance our operations for the foreseeable future on acceptable terms and conditions, our access to, and the availability of, financing on acceptable terms and conditions in the future or at all will be impacted by many factors, including, but not limited to:

- our financial performance;
- our credit ratings or absence of a credit rating;
- the liquidity of the overall capital markets; and
- the state of the Chinese, U.S. and global economies.

There can be no assurance, particularly as a new company that currently has no credit rating, that we will have access to the capital markets on terms acceptable to us or at all.

We have no history of operating as an independent company and we expect to incur increased administrative and other costs following the separation by virtue of our status as an independent public company. Our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

Our historical information provided in this Information Statement refers to our business as operated by and integrated with YUM. Our historical and pro forma financial information included in this Information Statement is derived from or based on the consolidated financial statements and accounting records of YUM. Accordingly, our historical and pro forma financial information included in this Information Statement does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods

presented or those that we will achieve in the future primarily as a result of the following factors, among others:

- Prior to the separation, our business has been operated by YUM as part of its broader corporate organization, rather than as an independent company. YUM or one of its affiliates performed various corporate functions for us such as legal, treasury, accounting, internal auditing, human resources and public affairs. Our historical and pro forma financial results reflect allocations of corporate expenses from YUM for such functions which are likely to be less than the expenses we would have incurred had we operated as a separate publicly traded company. Following the separation, our costs related to such functions previously performed by YUM may increase.

- Currently, our business is integrated with the other businesses of YUM. Historically, we have shared economies of scope and scale in costs, employees, and vendor relationships. Although we will enter into certain agreements with YUM in connection with the separation, these arrangements may not fully capture the benefits that we enjoyed as a result of being integrated with YUM and may result in us paying higher charges than in the past for these services. These circumstances could have an adverse effect on our results of operations and financial condition following the completion of the separation.

- Generally, our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of YUM. Following the completion of the separation, we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, through strategic relationships or from other arrangements, which may or may not be available and may be more costly.

- After the completion of the separation, the cost of capital for our business may be higher than YUM's cost of capital prior to the separation.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from YUM. For additional information about the past financial performance of our business and the basis of presentation of the historical combined financial statements and the unaudited pro forma combined financial statements of our business, see "Unaudited Pro Forma Combined Financial Statements," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical combined and condensed combined financial statements and accompanying notes included elsewhere in this Information Statement.

As we build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions.

After the distribution, the Company will continue to install and implement information technology infrastructure to support its critical business functions, including accounting and reporting, inventory control and distribution. We may incur temporary interruptions in business operations if we cannot transition effectively from YUM's existing transactional and operational systems and data centers. We may not be successful in implementing new systems and transitioning data, and we may incur substantially higher costs for implementation than currently anticipated. Operational interruptions that result from the implementation of these new systems and replacement of YUM's information technology services, or our failure to implement the new systems and replace YUM's services successfully, could disrupt our business and have a material adverse effect on our profitability. In addition, if we are unable to replicate or transition certain systems, our ability to comply with regulatory requirements could be impaired.

The master license agreement that we will enter into with YUM will limit our ability to compete with YUM following the separation and will contain other restrictions on our operations.

The master license agreement will include non-compete provisions pursuant to which we will generally agree to not compete with YUM. See "Certain Relationships and Related Person Transactions—The Master License Agreement—Non-Competition." The master license agreement will also contain other restrictions on the operations of the Company, including restrictions on us or our affiliates from engaging in a "competing business" in China and other countries in which YUM operates its brands during the term of the agreement and for twelve months following the expiration, termination or transfer of the agreement or an interest in the agreement.

These factors could materially and adversely affect our business, financial condition and results of operations.

The Company or YUM may fail to perform under certain transaction agreements that are executed as part of the separation, and we may not have necessary systems and services in place when these transaction agreements expire.

In connection with the separation, the Company and YUM will enter into several agreements, including among others a master license agreement, a separation and distribution agreement, a tax matters agreement, an employee matters agreement, a transition services agreement and a name license agreement. The master license agreement will establish a bilateral relationship between YUM and us for an initial term of fifty (50) years subject to renewal as described in "Certain Relationships and Related Person Transactions—The Master License Agreement—Term." The separation and distribution agreement, tax matters agreement, employee matters agreement, transition services agreement and name license agreement will determine, among other things, the allocation of assets and liabilities between the companies following the separation for those respective areas and include any necessary indemnifications related to liabilities and obligations. If YUM is unable to satisfy its obligations under these agreements, we could incur operational difficulties or losses that could have a material and adverse effect on our business, financial condition and results of operations. See "Certain Relationships and Related Person Transactions."

Potential indemnification liabilities owing to YUM pursuant to the separation and distribution agreement could materially and adversely affect our business, financial condition and results of operations.

The separation and distribution agreement will provide for, among other things, indemnification obligations generally designed to make us financially responsible for (i) certain liabilities associated with the Company business; (ii) our failure to pay, perform or otherwise promptly discharge any liabilities or contracts relating to the Company business, in accordance with their respective terms, whether prior to, at or after the distribution; (iii) any guarantee, indemnification obligation, surety bond or other credit support agreement, arrangement, commitment or understanding by YUM for our benefit, unless related to liabilities primarily associated with the YUM business; (iv) certain tax liabilities; (v) any breach by us of the separation and distribution agreement or any of the ancillary agreements or any action by us in contravention of our amended and restated certificate of incorporation or amended and restated bylaws; and (vi) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the registration statement of which this Information Statement forms a part (as amended or supplemented) or any other disclosure document that describes the separation or the distribution or the Company and its subsidiaries or primarily relates to the transactions contemplated by the separation and distribution agreement, subject to certain exceptions. If we are required to indemnify YUM under the circumstances set forth in the separation and distribution agreement, we may be subject to substantial

liabilities. See "Certain Relationships and Related Person Transactions—The Separation and Distribution Agreement—Indemnification."

In connection with the separation, YUM will indemnify us for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure us against the full amount of such liabilities, or that YUM's ability to satisfy its indemnification obligation will not be impaired in the future.

Pursuant to the separation and distribution agreement and certain other agreements we will enter into with YUM, YUM will indemnify the Company for certain liabilities as discussed further in "Certain Relationships and Related Person Transactions—The Separation and Distribution Agreement—Indemnification." However, third parties could also seek to hold us responsible for any of the liabilities that YUM has agreed to retain, and there can be no assurance that the indemnity from YUM will be sufficient to protect us against the full amount of such liabilities, or that YUM will be able to fully satisfy its indemnification obligations. In addition, YUM's insurers may attempt to deny us coverage for liabilities associated with certain occurrences of indemnified liabilities prior to the separation. Moreover, even if we ultimately succeed in recovering from YUM or such insurance providers any amounts for which we are held liable, we may be temporarily required to bear these losses. Each of these risks could negatively affect our business, financial position, results of operations and cash flows.

A court could require that we assume responsibility for obligations allocated to YUM under the separation and distribution agreement.

Under the separation and distribution agreement and related ancillary agreements, from and after the separation, each of YUM and the Company will be generally responsible for the debts, liabilities and other obligations related to the business or businesses which they own and operate following the consummation of the separation. Although we do not expect to be liable for any obligations that are not allocated to us under the separation and distribution agreement, a court could disregard the allocation agreed to between the parties, and require that we assume responsibility for obligations allocated to YUM (for example, tax and/or environmental liabilities), particularly if YUM were to refuse or were unable to pay or perform the allocated obligations.

Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect our financial condition and results of operations.

In connection with the separation and distribution, YUM has undertaken and will undertake several corporate reorganization transactions involving its subsidiaries which, along with the separation and distribution, may be subject to federal and state fraudulent conveyance and transfer laws. If, under these laws, a court were to determine that, at the time of the separation and distribution, any entity involved in these reorganization transactions or the separation and distribution:

- was insolvent;
- was rendered insolvent by reason of the separation and distribution or a related transaction;
- had remaining assets constituting unreasonably small capital; or
- intended to incur, or believed it would incur, debts beyond its ability to pay these debts as they matured,

then the court could void the separation and distribution, in whole or in part, as a fraudulent conveyance or transfer. The court could then require our stockholders to return to YUM some or all of the shares of Company common stock issued in the distribution, or require YUM or the Company, as the case may be, to fund liabilities of the other company for the benefit of creditors. The measure of insolvency will vary depending upon the jurisdiction whose law is being applied. Generally, however, an

entity would be considered insolvent if the fair value of its assets was less than the amount of its liabilities, or if it was unable to pay its liabilities as they mature.

After the separation, certain of our executive officers and directors may have actual or potential conflicts of interest because of their previous or continuing positions at YUM.

Because of their current or former positions with YUM, certain of our expected executive officers and directors own YUM common stock and hold YUM equity awards. Following the separation, even though our board of directors will consist of a majority of directors who are independent, and our executive officers who are currently employees of YUM will cease to be employees of YUM, some of our executive officers and directors will continue to have a financial interest in YUM common stock and equity awards. Such ownership of YUM common stock or holding of YUM equity awards could create, or appear to create, potential conflicts of interest if the Company and YUM pursue the same corporate opportunities, have disagreements about the contracts between them or face decisions that could have different implications for the Company and YUM.

No vote of the YUM shareholders is required in connection with this distribution. As a result, if the distribution occurs and shareholders do not want to receive Company common stock in the distribution, the sole recourse of any shareholder will be to divest all ownership of such shareholder's YUM common stock prior to the record date.

No vote of the YUM shareholders is required in connection with the distribution. Accordingly, if a shareholder does not want to receive Company common stock in the distribution, the only recourse will be to divest all ownership of YUM common stock prior to 5:00 p.m., Eastern Time, on the record date for the distribution.

Failure to complete the Investment by the Investors could adversely impact the market price of the Company's common stock as well as the Company's business and operating results.

There can be no assurance that the Investment will be completed in a timely manner or at all. If the Investment is not completed for any reason, the price of the Company's common stock following the distribution may be adversely affected, since the Company will no longer have the ability to realize potential benefits relating to the Investment, including, among other things, the receipt of the cash proceeds.

Ant Financial must obtain regulatory approvals to consummate the Investment, which, if delayed or not obtained, may delay or jeopardize the Investment.

The closing of Ant Financial's investment is subject to the completion of certain Chinese regulatory filings, including with the local equivalent agencies of the China (Shanghai) Pilot Free Trade Zone of each of the PRC Ministry of Commerce and the PRC National Development and Reform Commission. The governmental and regulatory agencies from which Ant Financial is seeking these approvals have broad discretion in administering the applicable governing regulations, and such approvals may not be obtained in a timely manner or at all. Even if these approvals are obtained, the terms, conditions and timing of such approvals are uncertain.

The distribution may be taxable to YUM and the Company if there is an acquisition of 50% or more of YUM or Company common stock.

Even if the distribution otherwise qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes, the distribution of Company common stock to YUM shareholders in connection with the distribution would result in significant U.S. federal income tax liabilities to YUM under the Internal Revenue Code (but not to YUM shareholders) if it were deemed part of a "plan"

pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50% or greater interest (by vote or value) in YUM or the Company.

For purposes of determining whether the distribution of Company common stock to YUM shareholders in connection with the distribution is disqualified as tax-free to YUM under the rules described in the preceding paragraph, any acquisitions of the stock of YUM or the Company within two years before or after the distribution may be presumed to be part of such a "plan," although the parties may be able to rebut that presumption. For purposes of this test, acquisitions of Company common stock by the Investors within two years after the distribution will likely be treated as part of such a "plan." In particular, under the terms of the investment agreements among the Company, YUM and the Investors, the Investors will acquire in the aggregate between 4.3% and 5.9% of Company common stock issued and outstanding immediately following the distribution, which acquisition will be taken into account for purposes of this test. Also, under the terms of the shareholders agreement between the Company and the Investors, the Investors will be permitted to acquire more Company common stock in the two years following the distribution (including pursuant to the warrants held by the Investors), provided that the Investors' shares of Company common stock (in the aggregate) do not exceed 19.9% of the total shares of the Company's outstanding common stock (subject to certain conditions in the shareholders agreement). Any such additional acquisitions of Company common stock by the Investors in the two years following the distribution will similarly be taken into account for purposes of this test. If one or more other persons acquire, directly or indirectly, shares of the Company that, together with such acquisitions by the Investors in the two years after the distribution, represent a 50% or greater interest (by vote or value) in the Company, such acquisitions may be deemed part of a "plan" that includes the distribution.

The rules for determining whether shares representing a 50% or greater interest (by vote or value) in YUM or the Company have been acquired as part of a "plan" that includes the distribution are complex, inherently factual and subject to interpretation of the facts and circumstances of a particular case. If the Company does not carefully monitor its compliance with these rules, it might inadvertently cause or permit such a prohibited change in the ownership of its stock to occur, resulting in significant federal income tax liabilities to YUM under the Internal Revenue Code. Under the terms of the tax matters agreement among YUM, YCCL and the Company to be entered into in connection with the distribution, YCCL and the Company will generally be required to indemnify YUM against any such tax liabilities, which may have a material adverse effect on the Company. These indemnity obligations could also discourage or prevent a third party from making a proposal to acquire the Company during the relevant period. See "Material U.S. Federal Income Tax Consequences."

Risks Related to Our Common Stock

The Company cannot be certain that an active trading market for its common stock will develop or be sustained after the distribution, and following the distribution, the Company's stock price may fluctuate significantly.

Although we expect that Company common stock will be listed on the New York Stock Exchange, a public market for Company common stock does not currently exist. The Company anticipates that on or prior to the record date for the distribution, trading of shares of its common stock will begin on a "when-issued" basis which will continue through the distribution date. However, the Company cannot guarantee that an active trading market will develop or be sustained for its common stock after the distribution. Nor can the Company predict the prices at which shares of its common stock may trade after the distribution. Similarly, the Company cannot predict the effect of the distribution on the trading prices of its common stock or whether the combined market value of the shares of Company common stock and YUM common stock will be less than, equal to or greater than the market value of YUM common stock prior to the distribution.

The market price of Company common stock may decline or fluctuate significantly due to a number of factors, some of which may be beyond the Company's control, including:

- actual or anticipated fluctuations in the Company's operating results;
- significant liability claims, health concerns, food contamination complaints from our customers, shortages or interruptions in the availability of food or other supplies, or reports of incidents of food tampering;
- foreign exchange issues;
- the operating and stock price performance of comparable companies;
- changes in the Company's stockholder base due to the separation;
- changes in the regulatory and legal environment in which the Company operates; or
- market conditions in the restaurant industry and the domestic and worldwide economies as a whole.

There may be substantial changes in the Company's stockholder base.

Many investors holding YUM common stock may hold that stock because of a decision to invest in a company with YUM's profile. Following the distribution, the shares of Company common stock held by those investors will represent an investment in a company with a different profile. This may not be aligned with a holder's investment strategy and may cause the holder to sell the shares. As a result, the Company's stock price may decline or experience volatility as the Company's stockholder base changes.

The Company cannot guarantee the timing, amount or payment of dividends on its common stock.

We anticipate that following the separation, our board of directors will adopt a program of returning capital to stockholders, which may take the form of establishing a regular dividend and/or engaging in share repurchases although, pursuant to the shareholders agreement to be entered into with the Investors at the closing of the Investment, our ability to engage in or announce repurchases is restricted until 60 days after the distribution. We also intend to retain a significant portion of our earnings to finance the operation, development and growth of our business. Any future determination to declare and pay cash dividends or engage in share repurchases will be at the discretion of our board of directors following the separation and will depend on, among other things, our financial condition, results of operations, actual or anticipated cash requirements, tax considerations, contractual or regulatory restrictions and such other factors as our board of directors deems relevant. For more information, see "Dividend Policy."

Your percentage of ownership in the Company may be diluted in the future.

In the future, your percentage ownership in the Company may be diluted because of equity awards that the Company will be granting to the Company's directors, officers and employees or otherwise as a result of equity issuances for acquisitions or capital market transactions. The Company's and certain of YUM's employees will have equity awards with respect to Company common stock after the distribution as a result of conversion of their YUM equity awards (in whole or in part) to Company equity awards. The Company anticipates its executive compensation committee will grant additional stock-based awards to its employees after the distribution. Such awards will have a dilutive effect on the Company's earnings per share, which could adversely affect the market price of Company common stock. From time to time, the Company will issue additional stock-based awards to its employees under the Company's employee benefits plans. See "Certain Relationships and Related Person Transactions—Employee Matters Agreement—Equity-Based Compensation and Certain Executive Compensation Arrangements."

In addition, the Company's amended and restated certificate of incorporation will authorize the Company to issue, without the approval of the Company's stockholders, one or more classes or series of preferred stock that have such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over Company common stock respecting dividends and distributions, as the Company's board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of Company common stock. Similarly, the repurchase or redemption rights or liquidation preferences the Company could assign to holders of preferred stock could affect the residual value of the common stock. See "Description of Capital Stock."

The interests of the Investors may differ from the interests of other holders of Company common stock.

Immediately following the distribution, the Investors will acquire and own in the aggregate between 4.3% and 5.9% of the Company's issued and outstanding common stock, and will have the opportunity to increase their ownership through the exercise of certain warrants to be issued to the Investors in connection with the Investment as well as the ability to acquire additional shares of Company common stock in the open market (subject to an aggregate beneficial ownership interest limit of 19.9%). The interests of the Investors may differ from those of other holders of Company common stock in material respects. For example, the Investors may have an interest in pursuing acquisitions, divestitures, financings or other transactions that could enhance their respective equity portfolios, even though such transactions might involve risks to holders of Company common stock. The Investors may, from time to time in the future, acquire interests in businesses that directly or indirectly compete with certain portions of the Company's business or are suppliers or customers of the Company. Additionally, the Investors may determine that the disposition of some or all of their interests in the Company would be beneficial to the Investors at a time when such disposition could be detrimental to the other holders of Company common stock.

The ownership percentage of YUM shareholders in the Company will be diluted as a result of the Investment.

In connection with the separation, YUM will distribute to its shareholders all of the outstanding shares of Company common stock. However, if the Investment is consummated, the ownership percentage of YUM shareholders in the Company will be diluted as a result of the Investment. Pursuant to the investment agreements, in exchange for a $460 million investment in the Company, the Investors will own between 4.3% and 5.9% of the Company's common stock issued and outstanding immediately following the distribution and will receive warrants exercisable for an additional approximately 4%, in the aggregate, of the Company's issued and outstanding common stock. Because the effective purchase price at which the Investors will acquire shares of the Company's common stock pursuant to the Investment will be calculated based on an 8% discount to the volume weighted average trading price per share of Company common stock over the relevant measurement period, holders of YUM common stock receiving shares of Company common stock in the distribution will experience greater dilution than they would if such purchase price were determined without such discount. In addition, if the average trading price over the relevant measurement period is less than the initial trading price of the Company's common stock, holders receiving shares of common stock in the distribution will experience greater dilution than they would if such purchase price were determined by reference to the initial trading price. For more information, see the section entitled "Certain Relationships and Related Person Transactions—The Investment Agreements—The Investment."

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Information Statement and other materials YUM and the Company have filed or will file with the SEC contain, or will contain, "forward-looking statements."

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. These statements often include words such as "may," "will," "estimate," "intend," "seek," "expect," "project," "anticipate," "believe," "plan," "could," "target," "predict," "likely," "should," "forecast," "outlook," "ongoing" or other similar terminology. Forward-looking statements are based on our current expectations, estimates, assumptions or projections concerning future results or events. Forward-looking statements are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks, uncertainties and assumptions that could cause our actual results to differ materially from those indicated by those statements. We cannot assure you that any of our expectations, estimates or projections will be achieved. Factors that could cause actual results and events to differ materially from our expectations and forward-looking statements include the matters described in this Information Statement. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. The forward-looking statements included in this Information Statement are only made as of the date of this Information Statement and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances.

DIVIDEND POLICY

We anticipate that following the separation, our board of directors will adopt a program of returning capital to stockholders, which may take the form of establishing a regular dividend and/or engaging in share repurchases although, pursuant to the shareholders agreement to be entered into with the Investors at the closing of the Investment, our ability to engage in or announce repurchases is restricted until 60 days after the distribution. We also intend to retain a significant portion of our earnings to finance the operation, development and growth of our business. Any future determination to declare and pay cash dividends or engage in share repurchases will be at the discretion of our board of directors following the separation and will depend on, among other things, our financial condition, results of operations, actual or anticipated cash requirements, contractual or regulatory restrictions, tax considerations and such other factors as our board of directors deems relevant.

CAPITALIZATION

The following table sets forth our capitalization on a historical basis and on a pro forma basis to give effect to the separation and distribution and the transactions related to the separation and distribution (including the Investment) as if they occurred on May 31, 2016.

The table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Combined Financial Statements" and the historical combined financial statements and accompanying notes included elsewhere in this Information Statement.

The historical financial information may not necessarily reflect what our capitalization would have been had we been an independent, publicly traded company during the period presented and is not necessarily indicative of our future capitalization.

(in millions)	Historical	Pro Forma
Cash and cash equivalents	$ 508	968
Equity		
Common stock, $0.01 par value	—	[·]
Additional paid-in capital	—	[·]
Parent Company investment	1,900	—
Accumulated other comprehensive income (loss)	100	100
Total Equity—Yum China Holdings, Inc.	2,000	2,460
Noncontrolling interests	58	58
Total Equity	2,058	2,518
Total Capitalization	$ 2,058	$ 2,518

We have not yet finalized our post-separation capitalization. We intend to update and include pro forma financial information reflecting our post-separation capitalization in an amendment to this Information Statement.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The unaudited pro forma combined financial statements of the Company consist of the unaudited pro forma condensed combined statement of income for the year to date ended May 31, 2016, the unaudited pro forma combined statement of income for the fiscal year ended December 31, 2015 and an unaudited pro forma condensed combined balance sheet as of May 31, 2016. The unaudited pro forma combined financial statements should be read in conjunction with "Capitalization," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Certain Relationships and Related Person Transactions" and our historical combined financial statements included elsewhere in this Information Statement.

The unaudited pro forma combined financial statements have been prepared based on our historical combined financial statements included in this Information Statement and are not intended to be a complete presentation of our financial position or results of operations had the transactions contemplated by the separation and distribution agreement and related agreements occurred as of and for the periods indicated. In addition, they are provided for illustrative and informational purposes only and are not necessarily indicative of our future results of operations or financial condition as an independent, publicly traded company. The pro forma adjustments are based upon available information and assumptions that management believes are reasonable, that reflect the expected impacts of events directly attributable to the separation and related transactions described below, and that are factually supportable, and for purposes of the pro forma combined statement of income, are expected to have a continuing impact on us. However, such adjustments are subject to change based on the finalization of the terms of the separation and related agreements.

The unaudited pro forma condensed combined statement of income for the year to date ended May 31, 2016 and unaudited pro forma combined statement of income for the fiscal year ended December 31, 2015 reflect our results of operations as if the separation and related transactions described below had occurred on January 1, 2015. The unaudited pro forma condensed combined balance sheet as of May 31, 2016 reflects our financial position as if the separation and related transactions described below had occurred as of such date.

The unaudited pro forma combined financial statements give effect to the following:

- the contribution to us, pursuant to the separation, of substantially all assets and certain liabilities of the Company's business;
- the distribution of shares of our common stock by YUM to its shareholders and the elimination of historical parent company investment;
- our anticipated post-distribution capital structure, including the issuance of up to approximately [·] shares of our common stock to holders of shares of YUM common stock (this number of shares is based upon the number of shares of YUM common stock outstanding on [·] and an assumed distribution ratio of [·] shares of Company common stock for each share of YUM common stock held on the record date) and the investments by Primavera and Ant Financial; and
- the impact of, and transactions contemplated by, the separation and distribution agreement, the master license agreement, the investment agreements, the tax matters agreement, and other agreements described under "Certain Relationships and Related Person Transactions" between us and YUM and the provisions contained therein.

The operating expenses reported in our historical combined statements of income include allocations of certain YUM costs. These costs include allocation of certain YUM costs for centralized corporate functions performed on our behalf.

These historical allocations may not be indicative of our future costs and we have not adjusted the accompanying unaudited pro forma combined financial statements to reflect any independent public company costs as such amounts are estimates and not factually supportable.

Unaudited Pro Forma Condensed Combined Statement of Income
Yum China Holdings, Inc.
For the year to date ended May 31, 2016
(in millions, except per share data)

	Historical	Pro Forma Adjustments	Pro Forma
Revenues			
Company sales	$ 2,836		$ 2,836
Franchise fees and income	55		55
Total revenues	2,891		2,891
Costs and Expenses, Net			
Company restaurants			
Food and paper	847		847
Payroll and employee benefits	587		587
Occupancy and other operating expenses	960	(4)(a)	956
Company restaurant expenses	2,394	(4)	2,390
General and administrative expenses	170		170
Franchise expenses	31	(3)(a)	28
Closures and impairment expenses, net	31		31
Refranchising gain, net	(4)		(4)
Other income, net	(27)		(27)
Total costs and expenses, net	2,595	(7)	2,588
Operating Profit	296	7	303
Interest income, net	4		4
Income Before Income Taxes	300	7	307
Income tax provision	(78)	(2)(b)	(80)
Net Income (loss)—including noncontrolling interests	222	5	227
Net Income (loss)—noncontrolling interests	—		
Net Income (loss)—Yum China Holdings, Inc.	$ 222	5	$ 227
Pro Forma net earnings per share:			
Basic	N/A		[·](c)
Diluted	N/A		[·](c)
Shares used to calculate Pro Forma net earnings per share			
Basic	N/A		[·](c)
Diluted	N/A		[·](c)

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

Unaudited Pro Forma Combined Statement of Income
Yum China Holdings, Inc.
For the year ended December 31, 2015
(in millions, except per share data)

	Historical	Pro Forma Adjustments	Pro Forma
Revenues			
Company sales	$ 6,789		$ 6,789
Franchise fees and income	120		120
Total revenues	6,909		6,909
Costs and Expenses, Net			
Company restaurants			
Food and paper	2,159		2,159
Payroll and employee benefits	1,386		1,386
Occupancy and other operating expenses	2,386	(18)(a)	2,368
Company restaurant expenses	5,931	(18)	5,913
General and administrative expenses	395		395
Franchise expenses	70	(7)(a)	63
Closures and impairment expenses, net	64		64
Refranchising gain, net	(13)		(13)
Other income, net	(26)		(26)
Total costs and expenses, net	6,421	(25)	6,396
Operating Profit	488	25	513
Interest income, net	8		8
Income Before Income Taxes	496	25	521
Income tax provision	(168)	(6)(b)	(174)
Net Income (loss)—including noncontrolling interests	328	19	347
Net Income (loss)—noncontrolling interests	5		5
Net Income (loss)—Yum China Holdings, Inc.	$ 323	19	$ 342
Pro Forma net earnings per share:			
Basic	N/A		[·](c)
Diluted	N/A		[·](c)
Shares used to calculate Pro Forma net earnings per share			
Basic	N/A		[·](c)
Diluted	N/A		[·](c)

See accompanying Notes to the Unaudited Pro Forma Combined Financial Statements

Unaudited Pro Forma Condensed Combined Balance Sheet
Yum China Holdings, Inc.
As of May 31, 2016
(in millions)

	Historical	Pro Forma Adjustments	Pro Forma
ASSETS			
Current Assets			
Cash and cash equivalents	$ 508	460(d)	$ 968
Accounts receivable, net	117		117
Inventories	216		216
Prepaid expenses and other current assets	151		151
Total Current Assets	992	460	1,452
Property, plant and equipment, net	1,742		1,742
Goodwill	83		83
Intangible assets, net	101		101
Investments in unconsolidated affiliates	46		46
Other assets	187		187
Deferred income taxes	142		142
Total Assets	$ 3,293	460	$ 3,753
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	$ 921		$ 921
Income taxes payable	47		47
Total Current Liabilities	968		968
Capital lease obligations	31		31
Other liabilities and deferred credits	236		236
Total Liabilities	1,235		1,235
Equity			
Common stock, $0.01 par value	—	[·] (e)	[·]
Additional paid-in capital	—	[·] (e)	[·]
Parent Company investment	1,900	(1,900)(e)	—
Accumulated other comprehensive income (loss)	100		100
Total Equity—Yum China Holdings, Inc.	2,000	460	2,460
Noncontrolling interests	58		58
Total Equity	2,058	460	2,518
Total Liabilities and Equity	$ 3,293	460	$ 3,753

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

(a) Per the terms of the Master License Agreement ("MLA"), the license fee paid to YUM after the separation will equal 3% of net sales from the operations of KFC, Pizza Hut Casual Dining and Pizza Hut Home Service. This adjustment reflects the impact of the MLA for (i) the exclusion of initial fees from the Company's license fee paid to YUM; and (ii) the change in license fee related to the entities that own and operate KFCs in Hangzhou, Suzhou and Wuxi in which we have non-controlling ownership.

(b) Adjustment reflects the tax effects of the pro forma adjustments at the applicable China statutory rate of 25%.

(c) For the year ended December 31, 2015 and year to date ended May 31, 2016, the number of shares presented are based on the number of shares of YUM common stock outstanding on December 31, 2015 and May 31, 2016, respectively. The Company will base its number of shares used to compute basic and diluted earnings per share on the number of shares of YUM common stock outstanding as of the record date, assuming a distribution ratio of [·] share[s] of the Company's common stock for each share of YUM common stock. The Company's and certain of YUM's employees will have equity awards with respect to Company common stock after the distribution as a result of conversion of a portion of their YUM equity awards to Company equity awards.

On September 2, 2016, YUM announced that YUM and the Company have entered into investment agreements with each of Primavera and Ant Financial. Pursuant to the investment agreements, immediately following the separation, Primavera and Zhejlang Ant Small and Micro Financial Services Group Co., Ltd. will invest $410 million and $50 million, respectively, for a collective $460 million investment in the Company in exchange for shares of Company common stock and warrants. The shares of Company common stock total in the aggregate between 4.3 and 5.9% of the common stock issued and outstanding immediately following the separation (tied to the volume weighted average trading price of the Company's common stock during the trading days between the 31st and 60th day following the closing). Although the exact impact on the Company's outstanding common stock will not be known until after the separation, we have assumed that the investment in the Company's common stock will result in a 5% increase to the Company's outstanding common stock for the calculation of pro forma net earnings per share. Given the range of investment in common stock between 4.3 and 5.9%, the Company expects to issue between [·] and [·] shares of Company common stock in connection with the Investment. Approximately 70 days after the distribution, Primavera and Ant Financial will also receive two tranches of warrants to acquire shares of Company common stock. Upon exercise, the first tranche of warrants will provide the Investors with the right to purchase shares of Company common stock in the aggregate equal to an additional 2.0% of the Company's issued and outstanding common stock outstanding as of the time of the distribution (taking into account the shares previously issued to the Investors, as adjusted after the closing of the Investment). The second tranche of warrants will provide Primavera and Ant Financial with the right to purchase the same number of shares of Company common stock purchasable by Primavera and Ant Financial, respectively, under the first tranche of warrants. The strike price for the warrants will be based on Company equity values of $12 billion and $15 billion (for the first tranche and second tranche, respectively). We have not included the pro forma impact of the warrants as they will not be issued for a period following the separation.

(d) Per the terms of the investment agreements, Primavera and Ant Financial will invest $410 million and $50 million, respectively, immediately following the distribution. The adjustment reflects the cash proceeds of the Investment.

(e) On the distribution date, YUM's net investment in the Company will be re-designated as the Company's Stockholders' Equity and will be allocated between common stock and additional paid-in capital based on the number of shares of the Company's common stock outstanding at the distribution date. The pro forma adjustment reflects the re-designation of YUM's net investment in the Company and the impact of the pro forma adjustments described above.

SELECTED HISTORICAL COMBINED FINANCIAL DATA

The following table presents our selected historical combined financial data. We derived the combined statements of income data for the three years ended December 31, 2015, and the combined balance sheets data as of December 31, 2015 and December 31, 2014, as set forth below, from our audited combined financial statements, which are included elsewhere in this Information Statement. We derived the condensed combined statements of income data for the years to date ended May 31, 2016 and May 31, 2015, and the condensed combined balance sheets data as of May 31, 2016 from our unaudited condensed combined financial statements, which are included elsewhere in this Information Statement. We derived the combined statements of income for the years ended December 31, 2012 and December 31, 2011, and the combined balance sheets data as of December 31, 2013, December 31, 2012, and December 31, 2011, from our unaudited combined financial statements that are not included in this Information Statement.

Our combined financial information may not necessarily reflect our financial position, results of operations or cash flows as if we had operated as an independent public company during all periods presented, including changes that will occur in our operations and capitalization as a result of the separation from YUM and the distribution. Accordingly, our historical results should not be relied upon as an indicator of our future performance.

The following tables should be read together with, and are qualified in their entirety by reference to, the historical combined financial statements and the related notes included elsewhere in this Information Statement. Among other things, the historical combined financial statements include more detailed information regarding the basis of presentation for the information in the following table. The tables should also be read together with the sections entitled "Capitalization," "Unaudited Pro Forma Combined Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(in millions, except for unit data)	For the Years to date Ended May 31, 2016	May 31, 2015	For the Fiscal Years Ended December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Combined Statements of Income (Loss) Data:							
Revenues							
Company sales	$ 2,836	$ 2,843	$ 6,789	$ 6,821	$ 6,800	$ 6,797	$ 5,487
Franchise fees and income	55	49	120	113	105	101	79
Total revenues	2,891	2,892	6,909	6,934	6,905	6,898	5,566
Costs and Expenses, Net							
Company restaurants							
Food and paper	847	907	2,159	2,207	2,258	2,312	1,947
Payroll and employee benefits	587	577	1,386	1,407	1,360	1,259	890
Occupancy and other operating expenses(a)	960	982	2,386	2,415	2,347	2,210	1,747
Company restaurant expenses	2,394	2,466	5,931	6,029	5,965	5,781	4,584
General and administrative expenses(b)	170	168	395	389	356	336	278
Franchise expenses(c)	31	29	70	64	60	55	43
Closures and impairment expenses, net	31	19	64	517	325	9	12
Refranchising gain, net(d)	(4)	(4)	(13)	(17)	(5)	(17)	(14)
Other income, net	(27)	(14)	(26)	(51)	(25)	(112)	(42)
Total costs and expenses, net	2,595	2,664	6,421	6,931	6,676	6,052	4,861
Operating Profit(e)	296	228	488	3	229	846	705
Interest income, net	4	2	8	14	5	8	9
Income Before Income Taxes	300	230	496	17	234	854	714
Income tax provision	(78)	(65)	(168)	(54)	(135)	(181)	(169)
Net Income (loss)—including noncontrolling interests	222	165	328	(37)	99	673	545
Net Income (loss)—noncontrolling interests	—	—	5	(30)	(27)	11	16
Net Income (loss)—Yum China Holdings, Inc. (e)	$ 222	$ 165	$ 323	$ (7)	$ 126	$ 662	$ 529
Combined Balance Sheets Data:							
Total assets	$ 3,293	$ 3,261	$ 3,201	$ 3,257	$ 3,750	$ 3,782	$ 2,916
Property, plant and equipment, net	1,742	1,969	1,841	2,001	1,979	1,810	1,370
Parent Company investment	1,900	1,737	1,791	1,671	2,014	2,012	1,343
Other Statistics							
Net cash provided by operating activities	$ 422	$ 396	$ 910	$ 775	782	$ 871	931
Capital spending	172	235	512	525	568	655	405
Number of restaurants	7,246	6,853	7,176	6,715	6,243	5,726	4,493

(a) Occupancy and other operating expenses include license fees paid to YUM of $219 million, $217 million, $215 million, $217 million and $178 million for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively, and $86 million and $89 million for the years to date ended May 31, 2016 and May 31, 2015, respectively.

(b) General and administrative expenses include corporate expenses allocated from YUM of $12 million, $11 million, $12 million, $15 million and $12 million for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively, and $6 million for both of the years to date ended May 31, 2016 and May 31, 2015.

(c) Franchise expenses include license fees paid to YUM of $50 million, $48 million, $47 million, $46 million and $39 million for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively, and $23 million and $21 million for the years to date ended May 31, 2016 and May 31, 2015, respectively.

(d) See Note 4 to the Combined Financial Statements and Condensed Combined Financial Statements for discussion of Refranchising gain, net.

(e) Operating Profit for 2014 and 2013, respectively, includes $463 million and $295 million of expense associated with non-cash impairment of our investment in Little Sheep. After considering the tax benefit associated with these losses and the portion of the net losses allocated to noncontrolling interests, Net Income (loss)—Yum China Holdings, Inc., was negatively impacted by these impairments by $361 million and $258 million in 2014 and 2013, respectively. Excluding these impairments, Net income (loss)—Yum China Holdings, Inc. was income of $354 million and $384 million in 2014 and 2013, respectively. Operating profit in 2012 includes a $74 million gain in 2012 related to the acquisition of additional interest in and resulting consolidation of Little Sheep with no associated tax expense. Excluding this gain, Net Income (loss)—Yum China Holdings, Inc. was $588 million in 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Combined Financial Statements and accompanying notes included elsewhere in this Information Statement for the years ended December 31, 2015, 2014 and 2013 and the Condensed Combined Financial Statements for the years to date ended May 31, 2016 and May 31, 2015, which have been prepared in accordance with U.S. Generally Accepted Accounting Principals ("GAAP"). This MD&A includes the following sections:

- Separation and Distribution
- Overview
- Results of Operations
- Combined Cash Flows
- Liquidity and Capital Resources
- Off-Balance Sheet Arrangements
- Quantitative and Qualitative Disclosures About Market Risk
- New Accounting Pronouncements Not Yet Adopted
- Critical Accounting Policies and Estimates

Certain of the statements below are forward-looking statements. In addition, any projections of future results of operations and cash flows are subject to substantial uncertainty. See "Cautionary Statement Concerning Forward-Looking Statements" included elsewhere in this Information Statement.

Separation and Distribution

On October 20, 2015, YUM announced that it intended to separate into two independent publicly traded companies each with a separate strategic focus. YUM plans to distribute to its shareholders all outstanding shares of the Company held by YUM on the distribution date, a wholly owned subsidiary of YUM, which will hold, directly or indirectly, the assets and liabilities associated with YUM's operations in China. The separation transaction will be completed by way of a pro rata distribution of Company shares by YUM to its shareholders as of the record date. Completion of the transaction will be subject to certain conditions, including, among others, receiving final approval from YUM's board of directors, receipt of various regulatory approvals, receipt of opinions of YUM's external tax advisors with respect to certain tax matters, the effectiveness of filings related to public listing in the United States of America and applicable securities laws, and other terms and conditions as may be determined by YUM's board of directors. The transaction is expected to be completed by the end of 2016 and is intended to qualify as a tax-free reorganization for U.S. federal income tax purposes. The transaction will not require YUM shareholder approval.

The Combined Financial Statements have been prepared on a stand-alone basis and are derived from YUM's Consolidated Financial Statements and underlying accounting records. Transactions between the Company and YUM that were not cash settled were considered to be effectively settled at the time the transactions were recorded.

The Combined Financial Statements include all revenues, costs, assets and liabilities directly attributable to the Company either through specific identification or allocation. The Combined Statements of Income include allocations of certain of YUM's Corporate functions which provide a direct benefit to the Company. These costs have been allocated based on system sales of the Company relative to YUM's global system sales. All allocated costs have been deemed to have been incurred and

settled in the period in which the costs were recorded. The Company considers the expense allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had the Company operated as an independent, publicly traded company for the periods presented. Following the separation, we will perform these functions using our own resources or purchased services. See Note 3 to the Combined Financial Statements for further discussion.

Overview

Yum China Holdings, Inc. is the largest restaurant company in China, with approximately 7,200 restaurants, $6.9 billion of revenue, net income of $323 million and $998 million of adjusted EBITDA in 2015. Our growing restaurant base consists of China's leading restaurant brands, including KFC, Pizza Hut Casual Dining, Pizza Hut Home Service, East Dawning and Little Sheep. Following our separation from Yum! Brands, we will have the exclusive right to operate, sub-franchise and license the KFC, Pizza Hut Casual Dining, Pizza Hut Home Service and Taco Bell brands in China, and will own the East Dawning and Little Sheep concepts outright. We were the first major global restaurant brand to enter China in 1987 and have developed deep experience operating in the market. We have since grown to become one of China's largest retail developers covering over 1,100 cities and opening an average of two new locations per day over the past five years.

KFC is the leading Quick-Service Restaurant ("QSR") brand in China. Today, KFC operates over 5,000 restaurants in over 1,100 cities across China. Measured by number of restaurants, KFC has a two-to-one lead over the nearest Western QSR competitor and continues to grow in both large and small cities. Similarly, Pizza Hut Casual Dining is the leading Casual Dining Restaurant ("CDR") brand in China. Today, Pizza Hut Casual Dining, with nearly 1,600 restaurants in over 400 cities, has a seven-to-one lead in terms of restaurants over its nearest Western CDR competitor.

The operations of each of the concepts represent an operating segment of the Company within these Combined Financial Statements. We have two reportable segments: KFC and Pizza Hut Casual Dining. Our remaining operating segments, including the operations of Pizza Hut Home Service, East Dawning and Little Sheep, are combined and referred to as All Other Segments, as those operating segments are individually insignificant.

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

- The Company provides certain percentage changes excluding the impact of foreign currency translation ("FX" or "Forex"). These amounts are derived by translating current year results at prior year average exchange rates. We believe the elimination of the foreign currency translation impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.

- System sales growth includes the results of all restaurants regardless of ownership, including company-owned, franchise and unconsolidated affiliate restaurants that operate our brands, except for non-company-owned restaurants for which we do not receive a sales-based royalty. Sales of franchise and unconsolidated affiliate restaurants typically generate ongoing franchise fees for the Company at a rate of approximately 6% of system sales. Franchise and unconsolidated affiliate restaurant sales are not included in Company sales on the Combined Statements of Income; however, the franchise fees are included in the Company's revenues. We believe system sales growth is useful to investors as a significant indicator of the overall strength of our business as it incorporates all of our revenue drivers, Company and franchise same-store sales as well as net unit growth.

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

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

- In addition to the results provided in accordance with GAAP throughout this MD&A, the Company provides non-GAAP measurements which present Adjusted EBITDA and operating results on a basis before Special Items. The Company uses earnings before Special Items as a key performance measure of results of operations for the purpose of evaluating performance internally and Special Items are not included in any of our segment results. The Company provides Adjusted EBITDA because we believe that investors and analysts may find it useful in measuring operating performance without regard to items such as income taxes, interest expense, depreciation and amortization and impairment charges. These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Rather, the Company believes that the presentation of Adjusted EBITDA and earnings before Special Items provides additional information to investors to facilitate the comparison of past and present results, excluding those items that the Company does not believe are indicative of our ongoing operations due to their size and/or nature.

All Note references herein refer to the Notes to the Combined Financial Statements. Tabular amounts are displayed in millions of U.S. dollars except per share and unit count amounts, or as otherwise specifically identified. Percentages may not recompute due to rounding.

Results of Operations

Summary

All comparisons within this summary are versus the same period a year ago and exclude the impact of Special Items. All system sales growth and Operating Profit comparisons exclude the impact of foreign currency.

In 2013, KFC China sales and profits were negatively impacted due to intense media surrounding an investigation by the Shanghai FDA into our poultry supply that began in 2012, coupled with additional intense media in April 2013 surrounding avian flu in China.

In 2014, the Company's sales and profits were significantly impacted by adverse publicity surrounding improper food handling practices by a former supplier. Specifically, on July 20, 2014, an undercover report was televised in China depicting improper food handling practices by supplier Shanghai Husi, a division of OSI, which is a large, global supplier to many in the restaurant industry. This triggered extensive news coverage in China that shook consumer confidence and impacted brand usage. Immediately following the incident, we experienced a significant, negative impact to sales and profits at both KFC and Pizza Hut Casual Dining. For further information about the potential impact of food safety risks on our business, see "Risk Factors—Risks Related to Our Business and Industry—Food safety and food-borne illness concerns may have an adverse effect on our business."

In 2015, we expected sales and profits to grow significantly in the second half as we recovered from the adverse publicity in July 2014. Sales initially turned significantly positive as we lapped the supplier incident, but overall sales in the second half of 2015 trailed our expectations, particularly at Pizza Hut Casual Dining. In the second half of 2015, KFC grew same-store sales 3% in the third

quarter and 6% in the fourth quarter, which was below our forecasts. Over the same period, Pizza Hut Casual Dining experienced same-store sales declines of 1% in the third quarter and 8% in the fourth quarter. We believe that this performance was driven primarily by (1) extraordinary volatility in financial markets, currency devaluation and overall softer economic conditions which weigh more heavily on the casual dining sector; (2) the impact of online delivery aggregators entering the casual dining space; and (3) marketing promotions which underperformed our expectations.

The Combined Results of Operations for the years ended December 31, 2015, 2014 and 2013 are presented below:

				% B/(W)	
	2015	2014	2013	2015	2014
Company sales	$ 6,789	$ 6,821	$ 6,800	—	—
Franchise fees and income	120	113	105	7	7
Total revenues	$ 6,909	$ 6,934	$ 6,905	—	—
Restaurant profit	$ 858	$ 792	$ 835	8	(5)
Restaurant Margin %	12.6%	11.6%	12.3%	1.0 ppts.	(0.7) ppts.
Operating Profit	$ 488	$ 3	$ 229	NM	(99)
Interest income, net	8	14	5	46	NM
Income tax provision	(168)	(54)	(135)	NM	60
Net Income—including noncontrolling interests	328	(37)	99	NM	NM
Net Income (loss)—noncontrolling interests	5	(30)	(27)	NM	(12)
Net Income—Yum China Holdings, Inc.	$ 323	$ (7)	$ 126	NM	NM
Reported Effective tax rate	33.9%	322.3%	57.5%		
Operating Profit before Special Items	$ 503	$ 466	$ 524		
Effective tax rate before Special Items	33.7%	26.8%	28.9%		
Adjusted EBITDA	$ 998	931	949		

	2015	2014
System Sales Growth	—%	1%
System Sales Growth, excluding FX	2%	1%
Same-store Sales Growth (Decline)%	(4)%	(5)%

				% Increase (Decrease)	
Unit Count	2015	2014	2013	2015	2014
Company-owned	5,768	5,417	5,026	6	8
Unconsolidated affiliates	796	757	716	5	6
Franchise	612	541	501	13	8
	7,176	6,715	6,243	7	8

Special Items

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

Detail of Special Items	Year 2015	2014	2013
Little Sheep impairment (See Note 4)	—	(463)	(295)
Losses associated with planned sale of aircraft (See Note 6)	(15)	—	—
Special Items Income (Expense)—Operating Profit	(15)	(463)	(295)
Tax Benefit (Expense) on Special Items(a)	4	76	18
Special Items Income (Expense), net of tax—including noncontrolling interests	(11)	(387)	(277)
Special Items Income (Expense), net of tax—noncontrolling interests	—	26	19
Special Items Income (Expense), net of tax—Yum China Holdings, Inc.	$ (11)	$ (361)	$ (258)
Reconciliation of Operating Profit Before Special Items to Reported Operating Profit			
Operating Profit before Special Items	$ 503	$ 466	$ 524
Special Items Expense—Operating Profit	(15)	(463)	(295)
Reported Operating Profit	$ 488	$ 3	$ 229
Reconciliation of Effective Tax Rate Before Special Items to Reported Effective Tax Rate			
Effective Tax Rate before Special Items	33.7%	26.8%	28.9%
Impact on Tax Rate as a result of Special Items(a)	0.2%	295.5%	28.6%
Reported Effective Tax Rate (See Note 14)	33.9%	322.3%	57.5%

(a) The tax benefit (expense) was determined based upon the impact of the nature of each Special Item tax effected at the 25% China tax rate, except for non-cash impairments of Little Sheep goodwill of $160 million and $222 million for 2014 and 2013, respectively, which resulted in no related income tax benefit.

Adjusted EBITDA

Adjusted EBITDA, along with the reconciliation to the most comparable GAAP financial measure, is presented below.

	2015	2014	2013
Reconciliation of Reported Net Income to Adjusted EBITDA			
Net Income (loss)—Yum China Holdings, Inc.	$ 323	$ (7)	$ 126
Net income (loss)—noncontrolling interests	5	(30)	(27)
Income tax provision	168	54	135
Interest income, net	(8)	(14)	(5)
Reported Operating Profit	488	3	229
Depreciation and amortization	425	411	394
Store impairment charges (See Note 4)	70	54	31
Special Items Expense—Operating Profit	15	463	295
Adjusted EBITDA	$ 998	$ 931	$ 949

KFC

	2015	2014	2013	% B/(W) 2015 Reported	% B/(W) 2015 Ex FX	% B/(W) 2014 Reported	% B/(W) 2014 Ex FX
Company sales	$ 4,652	$ 4,782	$ 4,892	(3)	(1)	(2)	(2)
Franchise fees and income	116	111	103	4	7	7	7
Total revenues	$ 4,768	$ 4,893	$ 4,995	(3)	(1)	(2)	(2)
Restaurant profit	$ 620	$ 559	$ 557	11	14	—	1
Restaurant margin %	13.3%	11.7%	11.4%	1.6 ppts.	1.7 ppts.	0.3 ppts.	0.3 ppts.
G&A expenses	$ 150	$ 150	$ 137	—	(2)	(9)	(10)
Closure and impairment expenses, net	$ 50	$ 41	$ 23	(22)	(26)	(74)	(76)
Operating Profit	$ 499	$ 435	$ 456	14	18	(5)	(4)

	2015	2014
System Sales Growth	(2)%	(1)%
System Sales Growth, excluding FX	—%	(1)%
Same-Store Sales Growth (Decline)%	(4)%	(4)%

Unit Count	2015	2014	2013	% Increase (Decrease) 2015	% Increase (Decrease) 2014
Company-owned	3,821	3,732	3,569	2	5
Unconsolidated affiliates	796	757	716	5	6
Franchise	386	339	278	14	22
	5,003	4,828	4,563	4	6

	2014	New Builds	Closures	Refranchised	Acquired	Other	2015
Company-owned	3,732	282	(144)	(52)	3	—	3,821
Unconsolidated affiliates	757	58	(15)	—	—	(4)	796
Franchise	339	11	(17)	52	(3)	4	386
Total	4,828	351	(176)	—	—	—	5,003

	2013	New Builds	Closures	Refranchised	Acquired	Other	2014
Company-owned	3,569	318	(91)	(65)	1	—	3,732
Unconsolidated affiliates	716	56	(14)	(1)	—	—	757
Franchise	278	2	(6)	66	(1)	—	339
Total	4,563	376	(111)	—	—	—	4,828

Company Sales and Restaurant Profit

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

	2015 vs. 2014				
Income / (Expense)	2014	Store Portfolio Actions	Other	FX	2015
Company sales	$ 4,782	$ 137	$ (176)	$ (91)	$ 4,652
Cost of sales	(1,584)	(40)	83	29	(1,512)
Cost of labor	(963)	(18)	60	18	(903)
Occupancy and other	(1,676)	(42)	69	32	(1,617)
Restaurant profit	$ 559	$ 37	$ 36	$ (12)	$ 620

	2014 vs. 2013				
Income / (Expense)	2013	Store Portfolio Actions	Other	FX	2014
Company sales	$ 4,892	$ 117	$ (216)	$ (11)	$ 4,782
Cost of sales	(1,682)	(36)	130	4	(1,584)
Cost of labor	(970)	(21)	26	2	(963)
Occupancy and other	(1,683)	(43)	47	3	(1,676)
Restaurant profit	$ 557	$ 17	$ (13)	$ (2)	$ 559

In 2015, the increase in Company sales and Restaurant profit associated with store portfolio actions was driven by net new unit growth, partially offset by the impact of refranchising. Significant other factors impacting Company sales and/or Restaurant profit were labor efficiencies and lower utilities, partially offset by wage inflation of 8% and Company same-store sales declines of 4%.

In 2014, the increase in Company sales and Restaurant profit associated with store portfolio actions was driven by net new unit growth. Significant other factors impacting Company sales and/or Restaurant profit were wage inflation of 9% and same-store sales declines of 4%, partially offset by labor efficiencies and lower advertising expense.

Franchise Fees and Income

In 2015, the increase in Franchise fees and income, excluding the impact of foreign currency translation, was driven by the impact of refranchising and net new unit growth, partially offset by franchise same-store sales declines of 9%.

In 2014, the increase in Franchise fees and income, excluding the impact of foreign currency translation, was driven by the impact of refranchising and net new unit growth, partially offset by franchise same-store sales declines of 8%.

G&A Expenses

In 2015, the increase in G&A expenses, excluding the impact of foreign currency translation, was driven by higher compensation costs due to wage inflation.

In 2014, the increase in G&A expenses, excluding the impact of foreign currency translation, was driven by higher compensation costs due to wage inflation and higher headcount.

Operating Profit

In 2015, the increase in Operating Profit, excluding the impact of foreign currency translation, was driven by net new unit growth and lower restaurant operating costs, partially offset by same-store sales declines and higher closure and impairment expenses.

In 2014, the decrease in Operating Profit, excluding the impact of foreign currency translation, was driven by same-store sales declines, higher closure and impairment expenses and higher G&A expenses, partially offset by net new unit growth.

Pizza Hut Casual Dining

				% B/(W) 2015		% B/(W) 2014	
	2015	2014	2013	Reported	Ex FX	Reported	Ex FX
Company sales	$ 1,824	$ 1,696	$ 1,522	8	10	11	12
Franchise fees and income	1	—	—	NM	NM	NM	NM
Total revenues	$ 1,825	$ 1,696	$ 1,522	8	10	11	12
Restaurant profit	$ 225	$ 243	$ 291	(7)	(5)	(17)	(17)
Restaurant margin %	12.3%	14.3%	19.2%	(2.0) ppts.	(1.9) ppts.	(4.9) ppts.	(4.9) ppts.
G&A expenses	$ 73	$ 65	$ 55	(12)	(14)	(18)	(18)
Closure and impairment expenses, net	$ 8	$ 2	$ 1	NM	NM	NM	NM
Operating Profit	$ 145	$ 176	$ 235	(18)	(16)	(25)	(25)

	2015	2014
System Sales Growth	8%	11%
System Sales Growth, excluding FX	10%	12%
Same-Store Sales Growth %	(5)%	(5)%

				% Increase (Decrease)	
Unit Count	2015	2014	2013	2015	2014
Company-owned	1,556	1,310	1,058	19	24
Franchise	16	3	2	NM	50
	1,572	1,313	1,060	20	24

	2014	New Builds	Closures	Refranchised	Acquired	2015
Company-owned	1,310	279	(21)	(12)	—	1,556
Franchise	3	1	—	12	—	16
Total	1,313	280	(21)	—	—	1,572

	2013	New Builds	Closures	Refranchised	Acquired	2014
Company-owned	1,058	270	(18)	—	—	1,310
Franchise	2	1	—	—	—	3
Total	1,060	271	(18)	—	—	1,313

Company Sales and Restaurant Profit

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

	2015 vs. 2014				
Income / (Expense)	2014	Store Portfolio Actions	Other	FX	2015
Company sales	$ 1,696	$ 249	$ (85)	$ (36)	$ 1,824
Cost of sales	(494)	(75)	15	11	(543)
Cost of labor	(346)	(58)	5	8	(391)
Occupancy and other	(613)	(95)	30	13	(665)
Restaurant profit	$ 243	$ 21	$ (35)	$ (4)	$ 225

	2014 vs. 2013				
Income / (Expense)	2013	Store Portfolio Actions	Other	FX	2014
Company sales	$ 1,522	$ 247	$ (69)	$ (4)	$ 1,696
Cost of sales	(429)	(73)	7	1	(494)
Cost of labor	(283)	(56)	(8)	1	(346)
Occupancy and other	(519)	(97)	1	2	(613)
Restaurant profit	$ 291	$ 21	$ (69)	$ —	$ 243

In 2015, the increase in Company sales and Restaurant profit associated with store portfolio actions was driven by net new unit growth. Significant other factors impacting Company sales and/or Restaurant profit were wage rate inflation of 8% and Company same-store sales declines of 5%, partially offset by labor efficiencies and lower utilities.

In 2014, the increase in Company sales and Restaurant profit associated with store portfolio actions was driven by net new unit growth. Significant other factors impacting Company sales and/or Restaurant profit were wage rate inflation of 8%, same-store sales declines of 5% and commodity inflation of 3%.

G&A Expenses

In 2015 and 2014, the increases in G&A expenses, excluding the impact of foreign currency translation, were driven by higher compensation costs due to wage rate inflation and higher headcount.

Operating Profit

In 2015 and 2014, the decreases in Operating Profit, excluding the impact of foreign currency translation, were driven by higher restaurant operating costs, same-store sales declines and higher G&A expenses, partially offset by net new unit growth.

All Other Segments

All Other Segments includes Pizza Hut Home Service, East Dawning and Little Sheep.

	2015	2014	2013	% B/(W) 2015 Reported	% B/(W) 2015 Ex FX	% B/(W) 2014 Reported	% B/(W) 2014 Ex FX
Company sales	$ 313	$ 343	$ 386	(9)	(7)	(11)	(11)
Franchise fees and income	3	2	2	NM	NM	(15)	(15)
Total revenues	$ 316	$ 345	$ 388	(8)	(6)	(11)	(11)
Restaurant profit	$ 13	$ (10)	$ (13)	NM	NM	30	28
Restaurant margin %	4.3%	(2.8)%	(3.6)%	7.1 ppts.	7.2 ppts.	0.8 ppts.	0.7 ppts.
G&A expenses	$ 28	$ 31	$ 41	7	5	26	26
Closure and impairment expenses, net	$ 6	$ 11	$ 6	44	43	NM	NM
Operating Loss	$ (14)	$ (44)	$ (54)	70	70	20	20

In 2015, the decrease in total revenues, excluding the impact of foreign currency translation, was driven primarily by a net unit decline related to Little Sheep units, partially offset by net new unit growth for Pizza Hut Home Service.

In 2014, the decrease in total revenues, excluding the impact of foreign currency translation, was driven primarily by same-store sales declines related to Little Sheep units.

In 2015 and 2014, the decreases in Operating Loss, excluding the impact of foreign currency translation, were driven by lower operating losses at Little Sheep.

Corporate & Unallocated

Income/(Expense)	2015	2014	2013	% B/(W) 2015	% B/(W) 2014
Corporate G&A expenses	$ (144)	$ (143)	$ (123)	(1)	(16)
Unallocated closures and impairments (See Note 4)	—	(463)	(295)	NM	(57)
Refranchising gain (loss) (See Note 4)	13	17	5	(21)	NM
Other unallocated (See Note 6)	(11)	25	5	NM	NM
Interest income, net	8	14	5	(46)	NM
Income tax provision (See Note 14)	(168)	(54)	(135)	NM	60
Effective tax rate (See Note 14)	33.9%	322.3%	57.5%	288.4 ppts.	(264.8) ppts.

Corporate G&A Expenses

In 2015 and 2014, the increase in Corporate G&A expenses was driven primarily by higher compensation costs due to wage inflation and higher headcount.

Unallocated Closures and Impairments

In 2014 and 2013, Unallocated closures and impairments represent Little Sheep impairment charges. See Note 4.

Other Unallocated

In 2015, Other unallocated primarily includes the write-down related to our decision to dispose of a corporate aircraft, partially offset by insurance recoveries related to the 2012 poultry supply incident.

In 2014, Other unallocated includes an insurance recovery related to the 2012 poultry supply incident.

Interest Income, Net

The decrease in interest income, net for 2015 was driven by lower short term investments.

The increase in interest income, net for 2014 was driven by higher returns on short term investments.

Income tax provision

Our income tax provision includes tax on our earnings at the China statutory tax rate of 25%. To the extent those earnings are not deemed permanently reinvested in China we are required to record US tax on those earnings, net of a credit for the foreign taxes paid in China. Our effective tax rate before special items was 33.7%, 26.8% and 28.9% in 2015, 2014 and 2013, respectively. The higher effective tax rate before special items in 2015 was due to a greater amount of our earnings being subject to US tax.

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

The Chinese government recently announced reform to its retail tax structure, which is intended to be a progressive and positive shift to more closely align with a more modern service-based economy. Under this reform, a 6% output VAT would replace the present 5% Business Tax currently applied to certain restaurant sales. Input VAT would be creditable to the aforementioned 6% output VAT. This change was effective May 1, 2016.

While it is difficult to estimate the full benefit of this VAT reform prior to its actual implementation, we expect a positive financial benefit, further enabling continued investment in the business and creating thousands of additional jobs in China.

Combined Cash Flows

Net cash provided by operating activities was $910 million in 2015 versus $775 million in 2014. The increase was primarily due to the timing of payments for inventory, lower tax payments and higher Operating Profit before Special Items.

In 2014, net cash provided by operating activities was $775 million compared to $782 million in 2013. The decrease was due to lower Operating Profit before Special Items offset by the timing of payments for inventory.

Net cash used in investing activities was $493 million in 2015 compared to $512 million in 2014. The decrease was primarily driven by lower capital spending.

In 2014, net cash used in investing activities was $512 million compared to $575 million in 2013. The decrease was primarily driven by primarily driven by lower capital spending and higher refranchising proceeds.

Net cash used in financing activities was $213 million in 2015 compared to $319 million in 2014. The decrease was primarily driven by changes in net parent investment.

In 2014, net cash used in financing activities was $319 million compared to $136 million in 2013. The increase was primarily driven by changes in net parent investment.

Liquidity and Capital Resources

Historically we have funded our operations through cash generated from the operation of our Company-owned stores and from our franchise operations and dividend payments from our unconsolidated affiliates. Excess cash has historically been repatriated to YUM through intercompany loans or dividends.

Our ability to fund our future operations and capital needs will depend on our ongoing ability to generate cash from operations. We believe our principal uses of cash in the future will be primarily to fund our operations, capital expenditures and any distributions to our stockholders we may make. We believe that our future cash from operations, together with our access to funds on hand and capital markets, will provide adequate resources to fund these uses of cash and that our existing cash and net cash from operations will be sufficient to fund our operations and anticipated capital expenditures for the next 12 months.

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

If our cash flows from operations are less than we require, we may need to access the capital markets to obtain financing. Our access to, and the availability of, financing on acceptable terms and conditions in the future or at all will be impacted by many factors, including, but not limited to:

- our financial performance;
- our credit ratings or absence of a credit rating;
- the liquidity of the overall capital markets; and
- the state of the Chinese, U.S. and global economies.

There can be no assurance, particularly as a new company that currently has no credit rating, that we will have access to the capital markets on terms acceptable to us or at all. See "Risk Factors" included elsewhere in this Information Statement for a further discussion.

Generally our income is subject to the China statutory tax rate of 25%. However, to the extent our cash flows from operations exceed our China cash requirements, the excess cash may be subject to an overall tax rate equal to the 35% U.S. statutory income tax rate.

Borrowing Capacity

As of December 31, 2015, we have two RMB300 million (approximately $92 million in total) revolving credit facilities (each a "Credit Facility"). Our three-year Credit Facility matured on April 30, 2016 but remains available to us and may be renewed until the bank completes its annual internal credit review process. It contains a cross-default provision whereby our failure to make any payment on a principal amount from the other Credit Facility will constitute a default on the agreement. Our one-year Credit Facility matures on February 16, 2017. Each Credit Facility bears interest based on the prevailing rate stipulated by the People's Bank of China and contains financial covenants including, among other things, limitations on certain additional indebtedness and liens, and certain other

transactions specified in the agreement. Interest on any outstanding borrowings is due at least monthly. As of December 31, 2015, the full amount of borrowings were available to us under each Credit Facility.

Contractual Obligations

Our significant contractual obligations and payments as of December 31, 2015 consisted of:

	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Capital Leases	54	3	6	8	37
Operating Leases(a)	3,549	490	888	752	1,419
Purchase Obligations(b)	311	311	—	—	—
Total Contractual Obligations	3,914	804	894	760	1,456

(a) These obligations, which are shown on a nominal basis, relate primarily to approximately 5,700 company-owned restaurants. See Note 10.

(b) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. We have excluded agreements that are cancelable without penalty. Purchase obligations relate primarily to supply agreements, marketing, as well as consulting and other agreements.

We have not included in the contractual obligations table approximately $18 million of liabilities for unrecognized tax benefits relating to various tax positions we have taken. These liabilities may increase or decrease over time as a result of tax examinations, and given the status of the examinations, we cannot reliably estimate the period of any cash settlement with the respective taxing authorities. These liabilities exclude amounts that are temporary in nature and for which we anticipate that over time there will be no net cash outflow.

Off-Balance Sheet Arrangements

See the Unconsolidated Affiliates Guarantees sections of Note 16 for discussion of our off-balance sheet arrangements.

Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Rate Risk

Changes in foreign currency exchange rates impact the translation of our reported foreign currency denominated earnings, cash flows and net investments in foreign operations, virtually all of which are denominated in Chinese Renminbi ("RMB"). Historically, YUM has chosen not to hedge foreign currency risks related to our foreign currency denominated earnings and cash flows through the use of financial instruments. In addition, we attempt to minimize the exposure related to foreign currency denominated financial instruments by purchasing goods and services from third parties in local currencies when practical. Following the separation, the Company is considering a foreign currency risk management program to mitigate our foreign currency exchange risk.

As substantially all of the Company's assets are located in China, the Company is exposed to movements in the RMB foreign currency exchange rate. For the fiscal year ended December 31, 2015 Operating Profit would have decreased approximately $46 million if the RMB weakened 10% relative

to the U.S. dollar. This estimated reduction assumes no changes in sales volumes or local currency sales or input prices.

Commodity Price Risk

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

New Accounting Pronouncements Not Yet Adopted

In May, 2014 the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. In July, 2015 the FASB approved a one-year deferral of the effective date of the new revenue standard. ASU 2014-09 is now effective for the Company in our first quarter of fiscal 2018 with early adoption permitted in the first quarter of 2017. The standard allows for either a full retrospective or modified retrospective transition method. In March and April, 2016 the FASB issued the following amendments to clarify the implementation guidance: ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* and ASU No. 2016-10 *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*. We do not believe the standards will impact our recognition of revenue from company-owned restaurants or our recognition of continuing fees from franchisees, which are based on a percentage of franchise sales. We are continuing to evaluate the impact the adoption of these standards will have on the recognition of other less significant revenue transactions such as initial fees from franchisees and refranchising of company-owned restaurants.

In February, 2016 the FASB issued ASU No. 2016-02, *Leases (Topic 842*), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Company in our first quarter of fiscal 2019 with early adoption permitted. The standard must be adopted using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. We are currently evaluating the impact the adoption of this standard will have on our consolidated financial statements.

In March, 2016 the FASB issued ASU No. 2016-09, C*ompensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which is intended to simplify several aspects of the accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for the Company in our first quarter of fiscal 2017 with early adoption permitted. We are currently evaluating the impact the adoption of this standard will have on our consolidated financial statements.

Critical Accounting Policies and Estimates

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

Impairment or Disposal of Long-Lived Assets

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

When we believe it is more likely than not a restaurant or groups of restaurants will be refranchised for a price less than their carrying value, but do not believe the restaurant(s) have met the criteria to be classified as held for sale, we review the restaurants for impairment. Expected net sales proceeds are generally based on actual bids from the buyer, if available, or anticipated bids given the discounted projected after-tax cash flows for the group of restaurants. Historically, these anticipated bids have been reasonably accurate estimations of the proceeds ultimately received. The after-tax cash flows used in determining the anticipated bids incorporate reasonable assumptions we believe a franchisee would make such as sales growth and margin improvement as well as expectations as to the useful lives of the restaurant assets. These after-tax cash flows also include a deduction for the anticipated, future royalties we would receive under a franchise agreement with terms substantially at market entered into simultaneously with the refranchising transaction.

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

We evaluate indefinite-lived intangible assets for impairment on an annual basis or more often if an event occurs or circumstances change that indicates impairment might exist. We perform our annual test for impairment of our indefinite-lived intangible assets at the beginning of our fourth quarter. Fair value is an estimate of the price a willing buyer would pay for the intangible asset and is generally estimated by discounting the expected future after-tax cash flows associated with the intangible asset. Our only indefinite-lived intangible asset is our Little Sheep trademark. In 2013, we wrote down the Little Sheep trademark from its carrying value of $414 million to $345 million as a result of an impairment charge of $69 million. In 2014, we recorded impairment charges of $284 million to write the trademark down to its estimated fair value. The Little Sheep trademark has a book value of $56 million at December 31, 2015. Our 2015 fair value estimate of the Little Sheep trademark exceeded its carrying value. Fair value was determined using a relief-from-royalty valuation approach that included estimated future revenues as a significant input, and a discount rate of 13% as our estimate of the required rate-of-return that a third-party buyer would expect to receive when purchasing the Little Sheep trademark. The primary drivers of fair value include franchise revenue growth and revenues from a wholly-owned business that sells seasoning to retail customers. Franchise revenue growth reflects annual same-store sales growth of 4% and approximately 35 new franchise units per year, partially offset by the impact of approximately 25 franchise closures per year. The seasoning business is forecasted to generate sales growth rates consistent with historical results.

Impairment of Goodwill

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

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

Other than the Little Sheep reporting unit discussed below, the fair values of our other reporting units were substantially in excess of their respective carrying values as of the goodwill testing dates in 2015, 2014 and 2013, respectively.

We wrote down Little Sheep's goodwill from $384 million to $162 million as a result of an impairment charge of $222 million in 2013. In 2014, we completely impaired the remaining goodwill balance at the Little Sheep reporting unit of $160 million. The fair value of the Little Sheep reporting unit in both years was based on the estimated price a willing buyer would pay, and was determined using an income approach with future cash flow estimates generated by the business as a significant input. Future cash flow estimates were impacted by assumptions related to new unit development, sales growth and margin improvement. These fair values incorporated a discount rate of 13% as our estimate of the required rate of return that a third-party buyer would expect to receive when purchasing the Little Sheep reporting unit.

When we refranchise restaurants, we include goodwill in the carrying amount of the restaurants disposed of based on the relative fair values of the portion of the reporting unit disposed of in the refranchising versus the portion of the reporting unit that will be retained. The fair value of the portion of the reporting unit disposed of in a refranchising is determined by reference to the discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee, which include a deduction for the anticipated, future royalties the franchisee will pay us associated with the franchise agreement entered into simultaneously with the refranchising transaction. Appropriate adjustments are made to the fair value determinations if such franchise agreement is determined to not be at prevailing market rates.

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

Income Taxes

Our operations have historically been included in the U.S. federal and U.S. state income tax returns filed by YUM. Our foreign income tax returns, primarily those filed by our China subsidiaries, are filed on an individual entity basis. Income tax expense and other income tax related information contained in our Combined Financial Statements are presented on a separate return basis as if we filed our own U.S. federal and U.S. state tax returns rather than having been included in these YUM tax returns. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if we were a separate taxpayer and a standalone enterprise for the periods presented. The calculation of our income taxes on a separate return basis requires a considerable amount of judgment and the use of both estimates and allocations. Current income tax liabilities related to our operations under the separate return method are assumed to be immediately settled with YUM and are relieved through the parent company investment account and the net transfers to parent in the combined statements of cash flows.

At December 31, 2015 and 2014, we had valuation allowances of approximately $45 million and $34 million to reduce our $173 million and $187 million of deferred tax assets, respectively, to amounts that are more likely than not to be realized. The deferred tax assets not subject to a valuation allowance primarily relate to temporary differences in our profitable China legal entities. In evaluating our ability to recover our deferred tax assets, we consider future taxable income as well as carryforward periods and restrictions on usage. The estimation of future taxable income and our resulting ability to utilize deferred tax assets can significantly change based on future events, including our determinations as to feasibility of certain tax planning strategies. Thus, recorded valuation allowances may be subject to material future changes.

As a matter of course, we are regularly subject to tax audits and examination by federal, state and foreign tax authorities. We recognize the benefit of positions taken or expected to be taken in our tax returns when it is more likely than not that the position would be sustained upon examination by these tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. At December 31, 2015 and 2014 we had $15 million and $13 million, respectively, of unrecognized tax benefits. We evaluate unrecognized tax benefits, including interest thereon, on a quarterly basis to ensure that they have been appropriately adjusted for events, including audit settlements, which may impact our ultimate payment for such exposures.

We have investments in foreign subsidiaries where the carrying values for financial reporting exceed the tax basis. We have not provided deferred tax on the portion of the excess that we believe is indefinitely reinvested, as we have the ability and intent to indefinitely postpone these basis differences from reversing with a tax consequence. We estimate that our total temporary difference upon which we have not provided deferred tax is approximately $1.6 billion at December 31, 2015. However, it is not practicable to determine the deferred tax liability on this amount due to uncertainty with regard to the timing or manner of repatriation and the related impact on local taxes, withholding taxes and foreign tax credits.

If our intentions regarding our ability and intent to postpone these basis differences from reversing with a tax consequence change, deferred tax may need to be provided on this excess that could materially impact the provision for income taxes.

See Note 14 of the Combined Financial Statements for a further discussion of our income taxes.

Years to date ended May 31, 2016 and May 31, 2015

Results of Operations

Summary

All comparisons within this summary are versus the same period a year ago. All system sales growth and Operating Profit comparisons exclude the impact of foreign currency.

In the first half of 2016, our Operating profit increased 37%, driven by same-store sales growth of 7% at KFC, which, during the second quarter, delivered its fourth consecutive quarter of same-store sales growth. This sales growth more than offset weakness at Pizza Hut Casual Dining where same-store sales declined 12% in the first half of the year.

Effective May 1, 2016, the Chinese government implemented reform of its retail tax structure, which is intended to be a progressive and positive shift to more closely align with a more modern service-based economy. Under this reform a 6% output value added tax ("VAT") replaces a 5% Business Tax currently applied to certain restaurant sales. Input VAT is creditable to the aforementioned 6% output VAT. We believe this change will have a material benefit to Company restaurant margins balance of year. However, the scale and nature of the reform, along with implementation and transition challenges, make it very difficult to pinpoint the exact magnitude of the impact. For the balance of the year we expect labor and commodity inflation to partially offset this benefit. Given this and our first half outperformance, our current guidance for full-year restaurant margins is now at least 17% versus 16% previously, prior to the license fee paid to YUM.

The Combined Results of Operations for the years to date ended May 31, 2016 and May 31, 2015, are presented below:

	Year to Date		% B/(W)
	2016	2015	Reported
Company sales	$ 2,836	$ 2,843	—
Franchise fees and income	55	49	12
Total revenues	$ 2,891	$ 2,892	—
Restaurant profit	$ 442	$ 377	18
Restaurant Margin %	15.6%	13.2%	2.4 ppts.
Operating Profit	$ 296	$ 228	30
Interest income, net	4	2	80
Income tax provision	(78)	(65)	(23)
Net Income—including noncontrolling interests	222	165	34
Net Income—noncontrolling interests	—	—	NM
Net Income—Yum China Holdings, Inc.	$ 222	$ 165	34
Reported Effective tax rate	26.2%	28.0%	

	Year to Date	
	2016	2015
System Sales Growth	2%	(6)%
System Sales Growth, excluding FX	7%	(5)%
Same-store Sales Growth (Decline)%	2%	(11)%

Unit Count	5/31/2016	5/31/2015	% Increase (Decrease)
Company-owned	5,800	5,520	5
Unconsolidated Affiliates	811	773	5
Franchise	635	560	13
	7,246	6,853	6

Segment Results

KFC

	Year to Date		% B/(W)	
	2016	2015	Reported	Ex FX
Company sales	$ 1,975	$ 1,914	3	8
Franchise fees and income	53	47	11	16
Total revenues	$ 2,028	$ 1,961	3	8
Restaurant profit	$ 339	$ 254	34	40
Restaurant margin %	17.2%	13.3%	3.9 ppts.	3.9 ppts.
G&A expenses	$ 62	$ 61	(1)	(6)
Closure and impairment expenses, net	$ 21	$ 15	(39)	(48)
Operating Profit	$ 300	$ 209	44	51

	Year to Date	
	2016	2015
System Sales Growth	5%	(10)%
System Sales Growth, excluding FX	10%	(9)%
Same-Store Sales Growth (Decline)%	7%	(13)%

Unit Count	5/31/2016	5/31/2015	% Increase (Decrease)
Company-owned	3,815	3,767	1
Unconsolidated Affiliates	811	773	5
Franchise	413	349	18
	5,039	4,889	3

Company Sales and Restaurant Profit

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

	Year to Date 2016 vs. 2015				
Income / (Expense)	2015	Store Portfolio Actions	Other	FX	2016
Company sales	$ 1,914	$ 27	$ 130	$ (96)	$ 1,975
Cost of sales	(625)	(6)	—	28	(603)
Cost of labor	(372)	(3)	(26)	19	(382)
Occupancy and other	(663)	(4)	(16)	32	(651)
Restaurant profit	$ 254	$ 14	$ 88	$ (17)	$ 339

The year to date increase in Company sales and Restaurant profit associated with store portfolio actions was driven by net new unit growth partially offset by refranchising. Significant other factors impacting Company sales and/or Restaurant profit were Company same-store sales growth of 7%, commodity deflation of 2%, the impact of retail tax structure reform (primarily in cost of sales) and lower utilities partially offset by wage inflation of 7%.

Franchise Fees and Income

The year to date increase in Franchise fees and income, excluding the impact of foreign currency translation, was driven by the impact of refranchising, franchise same-store sales growth of 4% and net new unit growth.

G&A Expenses

The year to date increase in G&A expenses, excluding the impact of foreign currency translation, was driven by higher compensation costs due to wage inflation and higher headcount.

Operating Profit

The year to date increase in Operating Profit, excluding the impact of foreign currency translation, was driven by the impact of same-store sales growth, net new unit growth and lower restaurant operating costs, including the favorable impact of the retail tax structure reform, partially offset by higher restaurant impairment charges. Additionally, leap year added an extra day in 2016 resulting in incremental Operating Profit of $5 million.

Pizza Hut Casual Dining

	Year to Date		% B/(W)	
	2016	2015	Reported	Ex FX
Company sales	$ 742	$ 792	(6)	(2)
Franchise fees and income	—	—	NM	NM
Total revenues	$ 742	$ 792	(6)	(2)
Restaurant profit	$ 96	$ 114	(15)	(11)
Restaurant margin %	13.0%	14.3%	(1.3) ppts.	(1.3) ppts.
G&A expenses	$ 34	$ 31	(8)	(13)
Closure and impairment expenses, net	$ 10	$ 1	NM	NM
Operating Profit	$ 52	$ 82	(35)	(32)

	Year to Date	
	2016	2015
System Sales Growth	(6)%	10%
System Sales Growth, excluding FX	(1)%	12%
Same-Store Sales Growth (Decline)%	(12)%	(5)%

	5/31/2016	5/31/2015	% Increase (Decrease)
Unit Count			
Company-owned	1,593	1,383	15
Franchise	17	5	NM
	1,610	1,388	16

Company Sales and Restaurant Profit

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

	Year to Date 2016 vs. 2015				
Income / (Expense)	2015	Store Portfolio Actions	Other	FX	2016
Company sales	$ 792	$ 74	$ (88)	$ (36)	$ 742
Cost of sales	(237)	(21)	42	10	(206)
Cost of labor	(166)	(20)	9	8	(169)
Occupancy and other	(275)	(29)	20	13	(271)
Restaurant profit	$ 114	$ 4	$ (17)	$ (5)	$ 96

The year to date increase in Company sales and Restaurant profit associated with store portfolio actions was driven by net new unit growth. Significant other factors impacting Company sales and/or Restaurant profit were Company same-store sales declines of 12% and wage inflation of 7% partially offset by 3% commodity deflation, the impact of retail tax structure reform (primarily in cost of sales) and lower utilities.

G&A Expenses

The year to date increase in G&A expenses, excluding the impact of foreign currency translation, was driven by higher compensation costs due to wage inflation and higher headcount.

Operating Profit

The year to date decrease in Operating Profit, excluding the impact of foreign currency translation, was driven by same-store sales declines and higher restaurant impairment charges, partially offset by net new unit growth and lower restaurant operating costs, including the favorable impact of the retail tax structure reform.

All Other Segments

All Other Segments includes Pizza Hut Home Service, East Dawning and Little Sheep.

	Year to Date		% B/(W)	
	2016	2015	Reported	Ex FX
Company sales	$ 119	$ 137	(13)	(9)
Franchise fees and income	2	2	13	18
Total revenues	$ 121	$ 139	(13)	(9)
Restaurant profit	$ 7	$ 9	(27)	(22)
Restaurant margin %	5.6%	6.6%	(1.0) ppts.	(0.9) ppts.
G&A expenses	$ 13	$ 12	(2)	(7)
Closure and impairment expenses, net	$ —	$ 3	95	94
Operating Profit	$ (3)	$ (3)	(20)	(20)

Corporate & Unallocated

Income/(Expense)	Year to Date 2016	2015	% B/(W)
Corporate G&A expenses	$ (61)	$ (64)	3
Refranchising gain (loss) (See Note 4)	4	4	24
Other unallocated	4	—	NM
Interest income, net	4	2	80
Income tax provision (See Note 8)	(78)	(65)	(23)
Effective tax rate (See Note 8)	26.2%	28.0%	1.8 ppts.

Corporate G&A Expenses

The year to date decrease in G&A expenses was driven by foreign currency translation of $2 million and lower incentive compensation costs.

Interest Income, Net

The year to date increase in interest income, net was driven by higher returns on short term investment.

Income Tax Provision

Our income tax provision includes tax on our earnings at the China statutory tax rate of 25%. To the extent those earnings are not deemed permanently reinvested in China we are required to record US tax on those earnings, net of a credit for the foreign taxes paid in China. Our effective tax rate before special items was 26.2% and 28.0% in 2016 and 2015, respectively. Our year to date effective tax rate was lower than the prior year primarily due to the decreased cost of repatriating current year foreign earnings.

Combined Cash Flows

Net cash provided by operating activities was $422 million in 2016 versus $396 million in 2015. The increase was primarily driven by higher Net Income, partially offset by timing of payments for inventory.

Net cash used in investing activities was $214 million in 2016 compared to $245 million in 2015. The decrease was primarily driven by lower capital spending, partially offset by an increase in short-term investments.

Net cash used in financing activities was $118 million in 2016 compared to $103 million in 2015. The increase was primarily driven by changes in net parent investment.

Liquidity and Capital Resources

Historically we have funded our operations through cash generated from the operation of our Company-owned stores and from our franchise operations and dividend payments from our unconsolidated affiliates. Excess cash has historically been repatriated to YUM through intercompany loans or dividends.

Our ability to fund our future operations and capital needs will depend on our ongoing ability to generate cash from operations. Our principal uses of cash in the future will be primarily to fund our operations, capital expenditures and any distributions to our stockholders we may make. We believe that our future cash from operations, together with our access to funds on hand and capital markets,

will provide adequate resources to fund these uses of cash and that our existing cash will be sufficient to fund our operations and anticipated capital expenditures for the next 12 months.

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

If our cash flows from operations are less than we require, we may need to access the long-term and short-term capital markets to obtain financing. Our access to, and the availability of, financing on acceptable terms and conditions in the future or at all will be impacted by many factors, including, but not limited to:

- our financial performance;
- our credit ratings or absence of a credit rating;
- the liquidity of the overall capital markets; and
- the state of the Chinese, U.S. and global economies.

There can be no assurance, particularly as a new company that currently has no credit rating, that we will have access to the capital markets on terms acceptable to us or at all. See "Risk Factors" included elsewhere in this Information Statement for a further discussion.

Generally our income is subject to the China statutory tax rate of 25%. However, to the extent our cash flows from operations exceed our China cash requirements, the excess cash may be subject to an overall tax rate equal to the 35% U.S. statutory income tax rate.

Borrowing Capacity

As of May 31, 2016, we have two RMB300 million revolving credit facilities (approximately $91 million in total at May 31, 2016) (each a "Credit Facility"). Our three-year Credit Facility matured on April 30, 2016 but remains available to us and may be renewed until the bank completes its annual internal credit review process. It contains a cross-default provision whereby our failure to make any payment on a principal amount from the other Credit Facility will constitute a default on the agreement. Our one-year Credit Facility matures on February 16, 2017. Each Credit Facility bears interest based on the prevailing rate stipulated by the People's Bank of China and contains financial covenants including, among other things, limitations on certain additional indebtedness and liens, and certain other transactions specified in the agreement. Interest on any outstanding borrowings is due at least monthly. As of May 31, 2016 the full amount of borrowings were available to us under each Credit Facility.

Quantitative and Qualitative Disclosures About Market Risk

There were no material changes during the year to date ended May 31, 2016 to the disclosures regarding market risk set forth on page 66.

BUSINESS

Overview

Yum China Holdings, Inc. is the largest restaurant company in China with approximately 7,200 restaurants, $6.9 billion of revenue, net income of $323 million and $998 million of adjusted EBITDA in 2015. Our growing restaurant base consists of China's leading restaurant brands, including KFC, Pizza Hut Casual Dining, Pizza Hut Home Service, East Dawning and Little Sheep. Following our separation from Yum! Brands, we will have the exclusive right to operate and sub-license the KFC, Pizza Hut and Taco Bell brands in China, and will own the East Dawning and Little Sheep concepts outright. We were the first major global restaurant brand to enter China in 1987 and have developed deep experience operating in the market. We have since grown to become one of China's largest retail developers covering over 1,100 cities and opening an average of two new locations per day over the past five years.

KFC is the leading Quick-Service Restaurant ("QSR") brand in China. Today, KFC operates over 5,000 restaurants in over 1,100 cities across China. Measured by number of restaurants, KFC has a two-to-one lead over the nearest Western QSR competitor and continues to grow in both large and small cities. Similarly, Pizza Hut Casual Dining is the leading Casual Dining Restaurant ("CDR") brand in China. Today, Pizza Hut Casual Dining, with nearly 1,600 restaurants in over 400 cities, has a seven-to-one lead in terms of restaurants over its nearest Western CDR competitor.

Over the past three decades, we have built a significant lead not just in number of restaurants, but also in brand awareness and loyalty, proprietary consumer know-how in individual provinces and city tiers, a national supply-chain network, product innovation and quality processes, a motivated and highly-educated workforce and a long-tenured and passionate local management team. We believe that these competitive strengths are difficult to replicate.

We generate strong consumer regard and loyalty by developing menus that cater to local tastes in addition to offering global favorites like KFC's Original Recipe chicken. Each of our brands has proprietary menu items, many developed in China, and emphasizes the preparation of food with

high-quality ingredients, as well as unique recipes and special seasonings to provide appealing, tasty and convenient food at competitive prices. Most of our restaurants offer consumers the ability to dine in and/or order delivery or carry-out food. With decades of accumulated consumer know-how and loyalty in China, we believe our brands are integrated into Chinese popular culture and consumers' daily lives based on our extensive history in China and substantial presence there.

We opened nearly 750 new restaurants in 2015 and more than 3,000 over the past four years—the equivalent of two new restaurant openings per day. While we may either operate, franchise and/or license restaurant brands, we currently own and operate either through direct company ownership or minority ownership in unconsolidated affiliates approximately 90% of our restaurants, and this high ownership percentage has driven our historically attractive return on investment.

Given the strong competitive position of the KFC and Pizza Hut Casual Dining brands, China's growing economy and population of over 1.3 billion, we expect to continue growing our system sales by adding KFC and Pizza Hut Casual Dining restaurants and through growing same-store sales.

Strong Cash Flow Generator

(in millions)	2015	2014	2013
Revenues	$ 6,909	$ 6,934	$ 6,905
Net Income (loss)—Yum China Holdings, Inc.	$ 323	$ (7)	$ 126
Net income (loss)—noncontrolling interests	5	(30)	(27)
Income tax provision	168	54	135
Interest income, net	(8)	(14)	(5)
Reported Operating Profit	488	3	229
Depreciation and amortization	425	411	394
Store impairment charges(b)	70	54	31
Special Items Expense—Operating Profit(a)	15	463	295
Adjusted EBITDA(c)	$ 998	$ 931	$ 949

(a) The Company believes that the presentation of Special Items provides additional information to investors to facilitate the comparison of past and present results, excluding those items that the Company does not believe are indicative of our ongoing operations due to their size and/or nature. Refer to further discussion of non-GAAP measures in MD&A.

(b) Refer to Note 4 of the Combined Financial Statements.

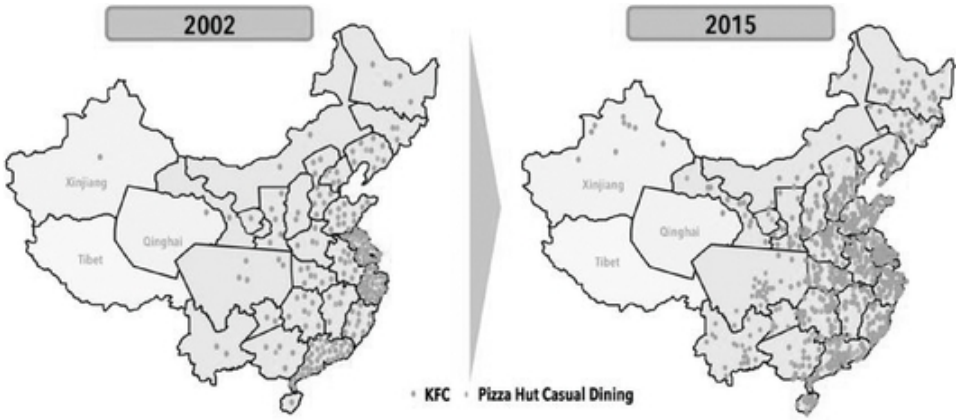
(c) The Company provides Adjusted EBITDA as a non-GAAP measure because we believe that investors may find it useful in measuring operating performance. Refer to further discussion of non-GAAP measures in MD&A.

Industry Backdrop

The development and growth of our business has benefited from China's rapidly growing middle class and increasing urbanization. Although changes in consumer taste are possible, the expansion of China's middle class has generally been correlated with an increase in eating outside of the home, which is in part driven by higher discretionary income associated with this demographic group. According to McKinsey, middle class and affluent households are expected to continue to grow, increasing from 116 million people in 2016 to an estimated 315 million by 2030. The number of working-age consumers is expected to increase by 100 million during the same period as their average per capita consumption doubles. By 2030, spending by this group is expected to account for an estimated 12 cents for every $1 of worldwide urban consumption. With this, annual household spending on dining out in China may double. The Company will continue to focus on this core consumer segment and on serving China's growing middle class.

In 2002 87% of the middle class lived in coastal China and only 13% of the middle class lived in inland provinces. According to macroeconomic models prepared by McKinsey in 2012, by 2022 it is expected that only 61% of the middle class will live in coastal cities as the middle class expands more rapidly in inland cities. Likewise, according to the same models, by 2022 it is expected that 39% of the middle class will live in cities with a population of more than one million. This is consistent with the Company's development plans which have focused on entering new trade zones and building new restaurants further inland.

Growing with a Shifting Middle Class



	Cities	Provinces	Units
KFC	190	30	766
Pizza Hut Casual Dining	27	16	95

	Cities	Provinces	Units
KFC	1,114	30	5,003
Pizza Hut Casual Dining	427	30	1,572

Reporting Segments

We have two reportable segments: KFC and Pizza Hut Casual Dining. We also have three other operating segments consisting of the operations of Pizza Hut Home Service, East Dawning and Little Sheep, which are combined and referred to as All Other Segments. While we have rights to the Taco Bell concept, we currently have no operations and expect to open the first Taco Bell restaurant in China in 2016.

The following table presents the total segment revenue attributable to each reportable segment for each of the last three fiscal years.

	Revenues ($Bn)		
	2015	2014	2013
KFC	4.8	4.9	5.0
Pizza Hut Casual Dining	1.8	1.7	1.5
All Other Segments	0.3	0.3	0.4
	$ 6.9	$ 6.9	$ 6.9

See Note 15 of the Combined Financial Statements for additional information concerning the Company's segments.

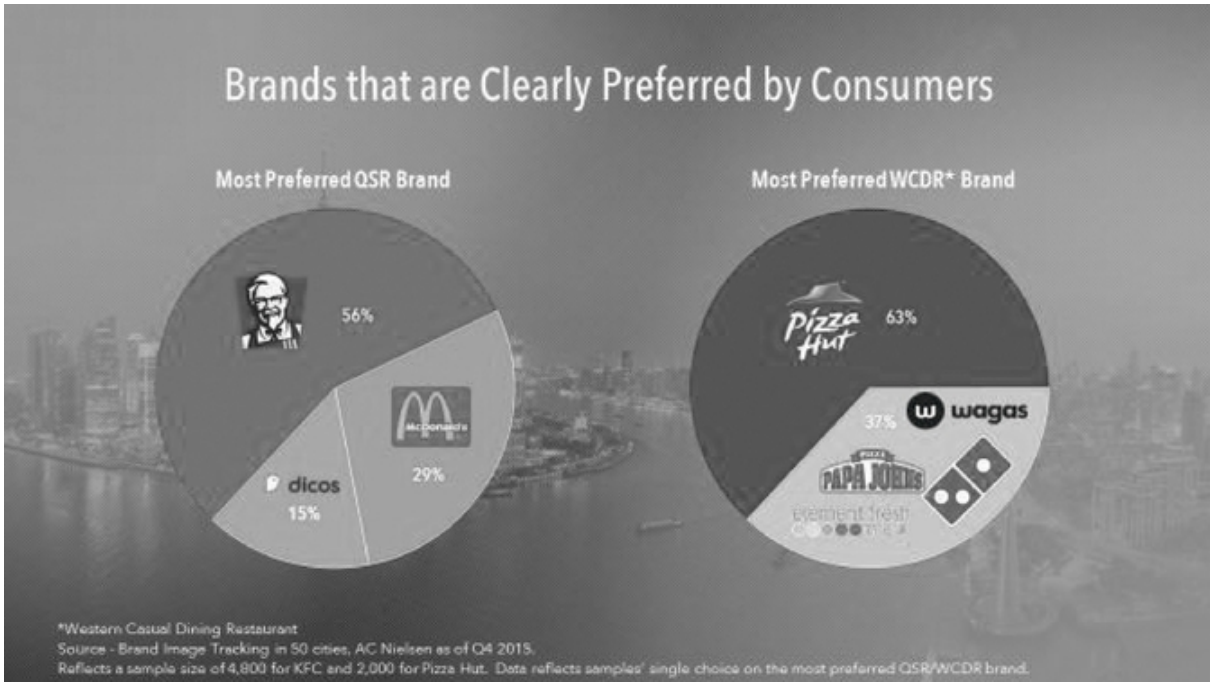
Restaurant Concepts

KFC

KFC is the largest restaurant brand in China in terms of system sales and number of restaurants. Founded in Corbin, Kentucky by Colonel Harland D. Sanders in 1939, KFC opened its first restaurant in Beijing, China in 1987. Today, almost 30 years later, there are over 5,000 KFCs in China, and the Company plans to continue adding new units. In addition to Original Recipe chicken, KFC in China has an extensive menu featuring pork, beef, seafood, rice dishes, fresh vegetables, soups, breakfast, desserts, and many other products, including premium coffee. The KFC brand is also seeking to increase revenues from its restaurants throughout the day with breakfast, delivery and 24-hour operations in many of its locations.

Pizza Hut Casual Dining

Pizza Hut Casual Dining is the largest Western CDR brand in China as measured by system sales and number of restaurants. It operates in over 400 cities and offers multiple dayparts, including breakfast and afternoon tea. The first Pizza Hut in China opened in 1990, and as of 2015 year-end there were nearly 1,600 Pizza Hut Casual Dining restaurants. Pizza Hut Casual Dining has an extensive menu offering a broad variety of pizzas, entrees, pasta, rice dishes, appetizers, beverages and desserts. In 2015, Pizza Hut Casual Dining was ranked the "Most Preferred Western Casual Dining Restaurant" by The Nielsen Corporation.



Other Concepts

Pizza Hut Home Service. The Company introduced pizza delivery to China in 2001, and today there are over 300 Pizza Hut Home Service units in nearly 50 cities, specializing in professional and convenient delivery of Chinese food as well as pizza. Over 70% of the brand's orders come through online or mobile channels. Its professional service and diverse menu provide a strong platform for continued growth in the future.

Little Sheep. A casual-dining brand with its roots in Inner Mongolia, China, Little Sheep specializes in "Hot Pot" cooking, which is very popular in China particularly during the winter months. Little Sheep has approximately 250 units in both China and international markets today. Of these, over 200 units are franchised.

East Dawning. East Dawning is a Chinese food quick-service restaurant brand, primarily located in large coastal cities. There were 15 restaurants as of 2015 year end. This brand is not viewed as a significant growth engine for the Company.

Taco Bell. Taco Bell is the world's leading QSR brand specializing in Mexican-style food, including tacos, burritos, quesadillas, salads, nachos and similar items. While there are over 6,400 Taco Bell units globally, currently no locations exist in China. The Company plans to open its first Taco Bell restaurant in 2016.

Competitive Strengths

We believe the following strengths, developed over our almost 30-year operating history, differentiate us and serve as a platform for future growth.

Unique Company culture based on global systems and local spirit. We have operated for three decades as part of Fortune 500 global companies, first under Pepsico, and then as a part of Yum! Brands following its own spin off from PepsiCo in 1997. Our Company culture promotes systems, practices and accountability that are consistent with a global company. In addition, our experience of operating for three decades across the breadth of China has enabled us to develop a uniquely Chinese spirit that promotes and rewards team-work, respect for the individual, and a quest for excellence in everything we do. We believe this unique combination allows us to delight our customer everyday while also becoming an employer of choice for our workforce. We employ approximately 400,000 people, who serve an average of over five million Chinese consumers daily.

Category-leading brands in one of the world's fastest growing economies. KFC and Pizza Hut Casual Dining are China's leading brands in their respective categories as measured by number of units and consumer preference. This significant competitive advantage is largely a result of our early entry into the China market. Rapid China infrastructure development and a growing consumer class position our brands for continued growth.

Number One Restaurant Company in
World's Fastest-Growing Major Economy

Strong Presence in 1,100+ Cities, 2 Billion+ Consumer Visits a Year

High-quality, great-tasting food, including local favorites with compelling value and a Western experience. Our KFC and Pizza Hut Casual Dining brands offer consumers a Western menu and experience, while also providing menu items that appeal to local taste preferences. Moreover, we provide our guests a clean and attractive dining destination. Our menus focus on providing our customers great food at a great value.

Strong Unit Economics. Our focus on driving efficiencies and improving our operating model has led to increasing margins and strong cash flow from our restaurants. This focus will continue, and we expect our financial results will benefit from operating leverage as sales grow. Our operating discipline has allowed us to deliver a new restaurant cash-on-cash pre-tax payback period of approximately three to four years for KFC and Pizza Hut Casual Dining.

Extensive experience in developing new restaurants. Our development capability consists of hundreds of experienced development specialists focused on all major regions of China. We continuously update a proprietary database reflecting our own knowledge of thousands of trade zones over nearly three decades. We have extensive knowledge of infrastructure development and trade zone evolution. This allows for more in-depth site selection analysis and more accurate sales projections for

new units. Our real estate development capabilities have allowed us to historically maintain a high rate of new restaurant openings with attractive returns on investment.

Knowledge and understanding of Chinese consumers and versatile approach to marketing. With approximately 7,200 restaurants, $6.9 billion of revenue, net income of $323 million and $998 billion of adjusted EBITDA in 2015, the Company's scale enables significant marketing investment to broadly advertise and promote our brands, and the resources to understand and leverage consumer insights and changing consumer behavior.

Supply chain management with a focus on food safety and quality. Given our size and scale, the Company can effectively leverage suppliers to meet our high standards for food safety and quality, while negotiating prices that reflect our purchasing power in the category. With distribution centers strategically placed throughout China, we have the ability to readily enter new cities and efficiently supply these new restaurants with high-quality food.

Internal people development culture and training systems. We have an extensive system to support the growing people capability that is needed to enable rapid expansion. For example, our internally developed management training system called Whampoa Academy enables us to train and develop our high-potential team members into restaurant general managers ("RGMs"). This program was recently recognized by The Association for Talent Development with a 2015 "Excellence in Practice Award." Our focus on people development results in increased loyalty: our above-store managers have average tenures of over 12 years.

World class operations led by certified restaurant managers. Every restaurant has an RGM and at least one Assistant Manager. With thousands of restaurants from which to draw talent, the Company can utilize existing restaurant operating expertise to staff new restaurants, as Assistant Managers are promoted to RGMs of new units. This continuity enables new restaurants to meet our high operational standards upon opening.

Digital and technology capability, especially in mobile and social media. The Company is in a strong position to invest in emerging technologies, such as digital ordering, cashless payments and loyalty programs. The Company is often sought as a key strategic partner by China's leading-edge technology companies in digital and social media. We are on the forefront of these offerings because they are critical to maintain our competitive advantages in the market place.

Experienced senior management team. Many of our functional leaders have experience with our Company since our early days in China. Because of our strong track record of growth historically, we have been able to attract and retain highly talented management team members across our various functions.

Our Strategies

The Company's primary strategy is to grow sales and profits across its portfolio of brands through increased brand relevance, new store development and enhanced unit economics. Other areas of investment include store remodels; product innovation and quality; improved operating platforms leading to improved service; store-level human resources, including recruiting and training; creative marketing programs; and product testing.

New-Unit Growth

Rapidly growing consumer class. Given the rapidly expanding middle class, we believe that there is significant opportunity to expand within China, and we intend to focus our efforts on increasing our geographic footprint in both existing and new markets. We expanded our restaurant count from 3,906 units in 2010 to approximately 7,200 as of the end of 2015, representing a compounded annual growth rate ("CAGR") of 13%.

Substantial New-Unit Growth Potential...

Franchise opportunity. Currently, only 9% of our restaurants are operated by franchisees. Going forward, we anticipate high franchisee demand for our brands, supported by strong unit economics, operational consistency and simplicity, and multiple store types to drive restaurant growth. While the franchise market in China is still in its early stages compared to developed markets, the Company plans to continue to increase its franchise-owned store percentage over time.

Development pipeline. We consider our development pipeline to be robust, and believe we have an opportunity to grow our restaurant count three times over the next two to three decades. For additional information on the risks associated with this growth strategy, see the section entitled "Risk Factors," including the risk factor entitled "We may not attain our target development goals, aggressive development could cannibalize existing sales and new restaurants may not be profitable." We also believe the opportunity to add Taco Bell restaurants as well as other concepts could further increase our total unit count.

Same-Store Sales Growth

Flavor innovation. We are keenly aware of the strength of our core menu items but we also seek to continue to introduce innovative items to meet evolving consumer preferences and local tastes, while simultaneously maintaining brand relevance and broadening brand appeal. For example, KFC offers soy bean milk, fried dough sticks, and congee for breakfast. Outside of breakfast, KFC has introduced rice dishes, Peking style chicken twisters, roasted chicken products, egg tarts and fresh lemon/calamansi tea.

Daypart opportunities. We believe there are significant daypart opportunities across our brands. For example, at KFC we recently introduced premium coffee to expand our breakfast and afternoon dayparts. Pizza Hut Casual Dining has focused on breakfast and afternoon tea to further grow same-store sales.

Customer frequency through mobile connectivity. KFC is rolling out its K-Gold loyalty program in 2016 with the eventual goal of a fully digitized customer experience. The brand will also improve the customer experience through ease of ordering and speed of service, supported by innovative technology. Pizza Hut Casual Dining is a leader in providing a digital experience with free in-store Wi-Fi, queue ticketing and pre-ordering, partnering with Alipay and WeChat to receive cashless payments, and introducing a loyalty program.

Best in-store experience. The Company continuously looks for ways to improve the customer experience. For example, starting in 2015, KFC revamped its remodel strategy to accelerate restaurant upgrades. Pizza Hut Casual Dining is also well regarded for offering consumers a contemporary casual dining setting. Our brands also look to improve efficiency to drives sales growth. For example, we are simplifying menu boards and fine-tuning our digital menu boards and in-store self-service order devices. We are also exploring expansion of our delivery business through online-to-offline, or O2O, aggregators.

Value innovation. KFC will continue to focus on value with product offerings such as the bucket and increased combo options throughout the day. Pizza Hut Casual Dining will leverage past innovations like business lunch set and breakfast.

O2O and home delivery. China is a world leader in the emerging online-to-offline or O2O market. This is where digital online ordering technologies interact with traditional brick and mortar retail to enhance the shopping experience. In the restaurant sector, KFC and Pizza Hut Home Service are already leading brands in home delivery. We see considerable further growth potential in the rapidly growing in-home consumption market by aligning our proven restaurant operation capabilities with emerging specialized O2O firms (known as aggregators) that offer consumers the ability to order any restaurant food at home. This could be an exciting new business opportunity with potential to create substantial stockholder value.

Enhanced Profitability

We focus on improving our unit-level economics and overall profits while also making the necessary investments to support our future growth. Since we increased our focus on restaurant margin improvement in late 2013, restaurant margins at KFC improved two percentage points from 2013 to 2015. We will pursue additional opportunities to improve profits over the long-term by continuing our focus on fiscal discipline and leveraging fixed costs, while maintaining the quality customer experience for which our brands are known.

Franchise and New Business Development

The franchise programs of the Company are designed to promote consistency and quality, and the Company is selective in granting franchises. Under standard franchise agreements, franchisees supply capital—initially by paying a franchise fee to the Company; by purchasing or leasing the land use right, building, equipment, signs, seating, inventories and supplies; and, over the longer term, by reinvesting in the business through expansion or acquisitions. Franchisees contribute to the Company's revenues on an ongoing basis through the payment of royalties based on a percentage of sales.

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

Restaurant Operations

Restaurant management structure varies among our brands and by unit size. Generally, each restaurant operated by the Company is led by an RGM, together with one or more Assistant Managers. RGMs are skilled and highly trained, with most having a college-level education. Each brand issues detailed manuals, which may then be customized to meet local regulations and customs. These manuals set forth standards and requirements for all aspects of restaurant operations, including food safety and quality, food handling and product preparation procedures, equipment maintenance, facility standards and accounting control procedures. The restaurant management teams are responsible for the

day-to-day operation of each unit and for ensuring compliance with operating standards. The performance of RGM's is regularly monitored and coached by Area Managers. In addition, senior operations leaders regularly visit restaurants to promote adherence to system standards and mentor restaurant teams.

Supply and Distribution

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

The Company partners with approximately 600 independent suppliers, mostly China-based, providing a wide range of products. The Company, along with multiple independently owned and operated distributors, utilizes 18 distribution centers to distribute restaurant products to owned and franchised stores. The Company also owns a seasoning facility in Inner Mongolia, which supplies products to the Little Sheep business, as well as to third-party customers.

Food safety is the top priority at the Company. Food safety systems include rigorous standards and training of employees in our restaurants and distribution system, as well as requirements for suppliers. These standards and training topics include, but are not limited to, employee health, product handling, ingredient and product temperature management and prevention of cross contamination. Food safety training is focused on illness prevention, food safety and regulation adherence in day-to-day operations. Our standards also promote compliance with applicable laws and regulations when building new or renovating existing restaurants. For further information on food safety issues, see "Risk Factors—Risks Related to Our Business and Industry—Food safety and food-borne illness concerns may have an adverse effect on our business".

Trademarks, and Other Intellectual Property

The Company's use of certain material trademarks and service marks is governed by a master license agreement between Yum! Restaurants Asia Pte. Ltd., a wholly-owned indirect subsidiary of YUM, and Yum Restaurants Consulting (Shanghai) Company Limited ("YCCL"), a wholly-owned indirect subsidiary of the Company. The master license agreement is further described under the section "Certain Relationships and Related Person Transactions—The Master License Agreement." The Company is the exclusive licensee of the KFC, Pizza Hut Casual Dining and Pizza Hut Home Service brands and their related marks and other intellectual property rights for restaurant services in China. The term of the license is 50 years with automatic renewals for additional consecutive renewal terms of 50 years each, subject only to YCCL being in "good standing" and unless YCCL gives notice of its intent not to renew. In addition, subject to certain agreed-upon milestones, the Company has an exclusive license under the master license agreement to develop Taco Bell restaurants and use the related marks.

The Company's use of certain other material intellectual property (including intellectual property in product recipes, restaurant operation and restaurant design) is likewise governed by the master license agreement with YUM.

The Company owns registered trademarks and service marks relating to the East Dawning and Little Sheep brands. Collectively, these licensed and owned marks have significant value and are important to the Company's business. The Company's policy is to pursue registration of our important intellectual property rights whenever feasible and to oppose vigorously any infringement of our rights.

Working Capital

Information about the Company's working capital is included in Management's Discussion and Analysis.

Seasonal Operations

Due to higher sales during holidays and summer months, the Company has experienced significant seasonality in operating results. Also, due to Yum's fiscal calendar having 12 weeks each in its first, second and third fiscal quarters and 16 weeks in its fourth fiscal quarter, the Company has historically operated on a modified quarterly basis whereby January and February comprised the first quarter; March, April and May comprised the second quarter; June, July and August comprised the third quarter and September, October, November and December comprised the fourth quarter. On average over the last 10 years the third quarter represented 36% of total annual operating profit, followed by the first quarter with 24%, the fourth quarter with 22% and the second quarter with 18%.

Competition

Data from the National Bureau of Statistics of China indicates that sales in the consumer food service market in China, which includes the retail food industry, totaled approximately $500 million in 2015. Industry conditions vary by region, with local Chinese restaurants and Western chains present, but the Company possesses the largest market share (as measured by both units and system sales). On average, competition is less than in the United States, and branded quick service restaurant units per population are well below that of the United States. However, competition is increasing and the Company still competes with respect to food quality, price, service, convenience, restaurant location and concept. The restaurant business is often affected by changes in consumer tastes; national, regional or local economic conditions; demographic trends; traffic patterns; the type, number and location of competing restaurants; and disposable purchasing power. The Company competes not only for consumers but also for management and hourly personnel and suitable real estate sites.

Among KFC's primary competitors in China are restaurant chains such as McDonald's and Dicos. Pizza Hut's Western pizza-brand competitors include Domino's and Papa John's.

Research and Development

The Company operates a test kitchen in Shanghai to promote product innovation. From time to time, the Company also works with independent suppliers to conduct research and development activities for the benefit of the Company.

Government Regulation

The Company is subject to various laws affecting its business, including laws and regulations concerning information security, labor, health, sanitation and safety. Each of the brands' restaurants must comply with licensing and regulation by a number of governmental authorities, which include restaurant operation, health, sanitation, food safety and fire agencies in the province and/or municipality in which the restaurant is located. To date, the Company has not been materially adversely affected by such licensing and regulation or by any difficulty, delay or failure to obtain required licenses or approvals. The Company is also subject to tariffs and regulations on imported commodities and equipment and laws regulating foreign investment, as well as anti-bribery and corruption laws.

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

Regulations relating to Dividend Distribution

The Chinese laws, rules and regulations applicable to our China subsidiaries permit payments of dividends only out of their accumulated profits, if any, determined in accordance with applicable

accounting standards and regulations. In addition, under China law an enterprise incorporated in China is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. As a result, our China subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends. At the discretion of our Board of Directors, as enterprises incorporated in China, our China subsidiaries may allocate a portion of their after-tax profits based on China accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

Regulations relating to Taxation

Enterprise Income Tax. Under the EIT Law and its implementation rules, a China resident enterprise shall be subject to China enterprise income tax in respect of its net taxable income derived from sources inside and outside China. The term "resident enterprise" refers to any enterprise established in China and any enterprise established outside China with a "de facto management body" within China.

Our China subsidiaries will be regarded as China resident enterprises by virtue of their incorporation in China, and will generally be subject to China enterprise income tax on their worldwide income at the current uniform rate of 25%, unless reduced under certain specific qualifying criteria. Our China subsidiaries may deduct reasonable expenses that are actually incurred and are related to the generation of its income, including interest and other borrowing expenses, amortization of land use rights and depreciation of buildings and certain fixed assets, subject to any restrictions that may be imposed under the EIT Law, its implementation regulations and any applicable tax notices and circulars issued by the Chinese government or tax authorities.

The Company and each Company subsidiary that is organized outside of China intend to conduct their management functions in a manner that does not cause them to be China resident enterprises, including by carrying on their day-to-day management activities and maintaining their key assets and records, such as resolutions of their board of directors and resolutions of stockholders, outside of China. As such, we do not believe that the Company or any of its non-Chinese subsidiaries should be considered a China resident enterprise for purposes of the EIT Law, and should not be subject to China enterprise income tax on that basis. See "Risk Factors—Risks Related To Doing Business in China—Under the EIT Law, if we are classified as a China resident enterprise for Chinese enterprise income tax purposes such classification would likely result in unfavorable tax consequences to us and our non-Chinese stockholders."

Value-Added Tax / Business Tax and Local Surcharges. Effective May 1, 2016, a 6% value-added tax ("VAT") on output replaced the 5% business tax that has historically been applied to certain restaurant sales under the China Provisional Regulations on Business Tax. Pursuant to Caishui 2016 (36) jointly issued by the Ministry of Finance and the State Administration for Taxation, from May 1, 2016 onwards, any entity engaged in the provision of certain catering services in China is generally required to pay VAT, at the rate of 6% on revenues generated from the provision of such services, less any creditable VAT already paid or borne by such entity upon purchase of materials and services.

Local surcharges generally ranging from 7% to 13%, varying with the location of the relevant China subsidiary, are imposed on the amount of VAT payable.

Repatriation of Dividends from our China Subsidiaries. Dividends (if any) paid by our China subsidiaries to their direct offshore parent company are subject to China withholding income tax at the rate of 10%, provided that such dividends are not effectively connected with any establishment or place of the offshore parent company in China. The 10% withholding income tax rate may be reduced or exempted pursuant to the provisions of any applicable double tax treaties or tax arrangements entered into by China.

Gains on Direct Disposal of Equity Interests in our China Subsidiaries. Under the EIT Law and its implementation rules, gains derived by non-resident enterprises from the sale of equity interests in a China resident enterprise are subject to China withholding income tax at the rate of 10%. The gains are computed based on the difference between the sales proceeds and the original investment basis. Stamp duty is also payable upon a direct transfer of equity interest in a China resident enterprise. The stamp duty is calculated at 0.05% on the transfer value, payable by each of the transferor and transferee. We may be subject to these taxes in the event of any future sale by us of a China resident enterprise.

Gains on Indirect Disposal of Equity Interests in our China Subsidiaries. In February, 2015, the SAT issued the SAT's Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises ("Bulletin 7"). Pursuant to Bulletin 7, an "indirect transfer" of Chinese taxable assets, including equity interests in a China resident enterprise ("Chinese interests"), by a non-resident enterprise, may be recharacterized and treated as a direct transfer of Chinese taxable assets, if such arrangement does not have reasonable commercial purpose and the transferor has avoided payment of Chinese enterprise income tax. Where a non-resident enterprise conducts an "indirect transfer" of Chinese interests by disposing of equity interests in an offshore holding company, the transferor, transferee, and/or the China resident enterprise being indirectly transferred may report such indirect transfer to the relevant Chinese tax authority, which in turn reports to the SAT. Using general anti-tax avoidance provisions, the SAT may treat such indirect transfer as a direct transfer of Chinese interests if the transfer has avoided Chinese tax by way of an arrangement without reasonable commercial purpose. As a result, gains derived from such indirect transfer may be subject to Chinese enterprise income tax, and the transferee or other person who is obligated to pay for the transfer would be obligated to withhold the applicable taxes, currently at a rate of up to 10% of the capital gain in the case of an indirect transfer of equity interests in a China resident enterprise. Both the transferor and the party obligated to withhold the applicable taxes may be subject to penalties under Chinese tax laws if the transferor fails to pay the taxes and the party obligated to withhold the applicable taxes fails to withhold the taxes.

The above regulations do not apply if either (i) the selling non-resident enterprise recognizes the relevant gain by purchasing and selling equity of the same listed enterprise in the open market (the "listed enterprise exception"); or (ii) the selling non-resident enterprise would have been exempted from enterprise income tax in China if it had directly held and transferred such Chinese interests that were indirectly transferred. Under current law, the China indirect transfer rules do not apply to gains recognized by individual stockholders, regardless of whether or not they acquire or transfer our stock in open market transactions. However, in practice there have been a few reported cases of individuals being taxed on the indirect transfer of Chinese interests and the law could be changed so as to apply to individual stockholders, possibly with retroactive effect.

It is unclear whether Company stockholders that acquire Company stock through the distribution will be treated as acquiring Company stock in an open market purchase. If such Company stock is not treated as acquired in an open market purchase, the listed transaction exception will not be available for transfers of such stock. Following the distribution, we expect that transfers in open market transactions of our stock by corporate or other non-individual stockholders that have purchased our stock in open market transactions will not be taxable under the China indirect transfer rules due to the listed enterprise exception. Transfers, whether in the open market or otherwise, of our stock by corporate and other non-individual stockholders that acquired our stock in the distribution or in non-open market transactions may be taxable under the China indirect transfer rules and our China subsidiaries may have filing obligations in respect of such transfers. Transfers of our stock in non-open market transactions by corporate and other non-individual stockholders may be taxable under the China indirect transfer rules, whether or not such stock was acquired in open market transactions, and our China subsidiaries may have filing obligations in respect of such transfers. Corporate and other

non-individual stockholders may be exempt from taxation under the China indirect transfer rules with respect to transfers of our stock if they are tax resident in a country or region that has a tax treaty or arrangement with China that provides for a capital gains tax exemption and they qualify for that exemption. For example, under the U.S.-China double tax treaty, a stockholder that is a U.S. tax resident and that disposes of stock representing less than 25% of our outstanding stock should be exempt from Chinese capital gains tax.

Employees

As of year-end 2015, the Company employed approximately 400,000 persons, approximately 90% of whom were restaurant team members who were employed on a full- or part-time basis with their pay calculated based on their service hours. The Company believes that it provides working conditions and compensation that compare favorably with those of our principal competitors. The majority of employees are paid on an hourly basis. The Company considers our employee relations to be good.

Unconsolidated Affiliates

As of year-end 2015, 11% of the Company's units were owned by unconsolidated affiliates that operated as our franchisees. All 796 of these were KFC restaurants, or 16% of total KFC restaurants. These unconsolidated affiliates are Chinese joint venture entities partially owned by the Company which helped KFC establish its initial presence in certain regions of China.

Properties

As of year-end 2015, the Company leased land, building or both for 5,768 units in China, which unit count includes land use rights for approximately 40 properties. The Company owned units are further detailed as follows:

- KFC leased land, building or both (including land use rights) in approximately 3,821 units.
- Pizza Hut Casual Dining leased land, building or both (including land use rights) in approximately 1,556 units.
- All other segments leased land, building or both (including land use rights) in approximately 391 units.

Company-owned restaurants in China are generally leased for initial terms of 10 to 20 years and generally do not have renewal options.

The Company leases its corporate headquarters and test kitchen facilities in Shanghai, China and owns land use rights for six non-store properties of Little Sheep. The Company subleases approximately 160 properties to franchisees. Additional information about the Company's properties is included in Note 10 of the Combined Financial Statements.

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

Legal Proceedings

The Company is subject to various lawsuits covering a variety of allegations from time to time. The Company believes that the ultimate liability, if any, in excess of amounts already provided for these matters in the Combined Financial Statements, is not likely to have a material adverse effect on the Company's annual results of operations, financial condition or cash flows. Matters faced by the Company from time to time include, but are not limited to, claims from landlords, employees, customers and others related to operational, contractual or employment issues. Refer to Note 16 of the Combined Financial Statements included in this Information Statement.

MANAGEMENT OF THE COMPANY

Executive Officers Following the Distribution

The following table and biographies present information concerning the individuals who are expected to serve as the Company's executive officers shortly before the separation. After the separation, none of these individuals will continue to be employees of YUM.

Name	Age	Title
Muktesh "Micky" Pant	62	Chief Executive Officer
Edwin "Ted" Stedem	43	Chief Financial Officer
Joey Wat	45	Chief Executive Officer, KFC
Peter Kao	59	Chief Executive Officer, Pizza Hut
Mark Chu	58	Senior Advisor to the Chief Executive Officer
Shella Ng	51	Chief Legal Officer
Danny Tan	47	Chief Support Officer
Christabel Lo	53	Chief People Officer
Sunny Sun	44	Chief Growth Officer
Johnson Huang	54	Chief Information and Marketing Support Officer
Ted Lee	49	Vice President and Brand General Manager, Little Sheep
Jeff Kuai	36	Brand General Manager, Pizza Hut Home Service
Angela Ai	63	Chief Development Officer
Alice Wang	46	Vice President, Public Affairs
Paul Hill	56	Vice President and Controller

Micky Pant is, and after the separation is expected to continue to be, the Chief Executive Officer of the Company, and is expected to serve as a member of our board of directors. He has served as CEO of the YUM China Division ("Yum! Restaurants China") since August 2015. Over the past decade, Mr. Pant has held a number of leadership positions at YUM, including CEO of the KFC Division, CEO of Yum! Restaurants International ("YRI"), President of Global Branding for YUM, President of YRI, Chief Marketing Officer of YUM, Global Chief Concept Officer for YUM and President of Taco Bell International. Before joining YUM, Mr. Pant built a foundation in marketing and international business with 15 years at Unilever in India and the U.K. and worked at PepsiCo, Inc. and Reebok International Limited. Since December 2014, Mr. Pant has served as an independent director on the board of Pinnacle Foods, Inc., where he also serves on the audit committee. Mr. Pant will bring to our board his vast knowledge of KFC and Pizza Hut best practices from around the globe and strategic, brand building expertise. In addition, Mr. Pant will bring to our board his corporate leadership knowledge and public company board experience.

Ted Stedem is expected to serve as the Chief Financial Officer for the Company. He has served as Chief Financial Officer of Yum! Restaurants China since August 2016. Prior to that position, Mr. Stedem served in a number of leadership roles for YUM over the past seven years, including General Manager and Managing Director of KFC Asia, Chief Financial Officer and Chief Development Officer of KFC South Pacific (SOPAC), and Vice President of Finance of Yum! Restaurants International. Prior to joining YUM, he worked in finance, business development and marketing roles with Merrill Lynch, Bain Consulting, and Office Depot.

Joey Wat is expected to serve as the Chief Executive Officer, KFC for the Company, a position she has held for Yum! Restaurants China since September 2014. Before joining YUM, Ms. Wat served in both management and strategy positions at AS Watson of Hutchinson Group ("Watson") in the U.K. from 2004 to 2014. Her last position at Watson was Managing Director of Watson U.K. which operates Superdrug and Savers, two retail chains specializing in the sale of pharmacy and health and beauty products from 2012 to 2014. She made the transition from Head of Strategy of Watson in Europe to

Managing Director of Savers in 2007. Before joining Watson, Ms. Wat spent seven years in management consulting including with McKinsey & Company's Hong Kong office from 2000 to 2003.

Peter Kao is expected to serve as the Chief Executive Officer, Pizza Hut for the Company. Mr. Kao has served in the position of Senior Vice President & Brand General Manager of Pizza Hut for Yum! Restaurants China since 2013 and began leading both Pizza Hut Casual Dining and Pizza Hut Home Service as Brand General Manager from 2008. Mr. Kao has had several leadership positions at YUM, responsible for both Pizza Hut Casual Dining and Pizza Hut Home Service, since 2008. Before that, Mr. Kao served as Market Manager for the Eastern China Pizza Hut market since 1999. Prior to joining YUM in 1999, he held senior management roles in Club Development International, Sherwood Resort Guam, and Sherwood Hotel Taiwan.

Mark Chu is expected to serve as the Senior Advisor to the Chief Executive Officer of the Company. Mr. Chu is a long term veteran of YUM and has held a number of leadership positions with Yum! Restaurants China, including President & Chief Development and Support Officer, President & Chief Operating Officer, Chief Development Officer, and Brand General Manager of KFC China. Mr. Chu joined YUM over two decades ago as Deputy General Manager of the Nanjing KFC market. Prior to joining YUM, Mr. Chu was the Area Supervisor of an international restaurant company in Taiwan.

Shella Ng is expected to serve as the Chief Legal Officer for the Company. Ms. Ng joined YUM in 1995 and was appointed to Chief Legal Officer of Yum! Restaurants China in 2005. Prior to joining YUM, she worked for Freshfields Bruckhaus Deringer and Clifford Chance.

Danny Tan is expected to serve as the Chief Support Officer for the Company. He has served in this role for Yum! Restaurants China since 2014 and his responsibilities include overseeing food innovation, quality assurance, food safety, supply chain management, logistics and sourcing planning. Mr. Tan joined YUM in 1997 in the finance department of Yum! Restaurants China and began leading the logistics department in 2002. He subsequently led supply chain management as Senior Director before taking on his current role. Prior to joining YUM, he was a Senior Analyst with Walt Disney, Hong Kong and a Senior Auditor with Deloitte & Touche, Singapore.

Christabel Lo is expected to serve as the Chief People Officer of the Company. Ms. Lo joined YUM in 1997 as the Training and Development Director of Yum! Restaurants China and was appointed to lead all of Human Resources in China in 2000. Prior to joining YUM, Ms. Lo held a number of management positions in a variety of industries, including Managing Director of Dale Carnegie, Hong Kong, Head of International Personal Banking for Citibank, Hong Kong and Manager of Cheoy Lee Shipyards, Hong Kong.

Sunny Sun is expected to serve as the Chief Growth Officer of the Company. She has served in this position for Yum! Restaurants China since August 2016. Ms. Sun joined YUM in May 2015 and served as Vice President, Finance, Chief Strategist and Chief Financial Officer for Yum! Restaurants China. Prior to joining YUM, Ms. Sun was the Senior Managing Director of CVC Capital Partners from 2010 to 2014, and, before that, she was the Head of M&A Greater China for DaimlerChrysler from 2001 to 2010 and Senior Manager of Corporate Development with Danone Asia Pacific from 1998 to 2001.

Johnson Huang is expected to serve as the Chief Information and Marketing Support Officer for the Company. Mr. Huang joined YUM in 2006 to lead the information technology department in China, and was appointed Chief Information Officer in 2013. He has been the key architect of YUM's digital strategy and information technology roadmap in China. Prior to joining YUM, Mr. Huang held various information technology and business leadership positions with Cap Gemini Ernst & Young Group in Taiwan and the greater China region and Evergreen Group in Taiwan and the U.K.

Ted Lee is expected to serve as Vice President and Brand General Manager of Little Sheep. Mr. Lee served as a director and Vice President & General Manager of Crocs China (Trade) Limited from 2008 to 2014.

Jeff Kuai is expected to serve as the Brand General Manager, Pizza Hut Home Service for the Company. Mr. Kuai was appointed Director of Delivery Support Center of Yum! Restaurants China in 2012 where he was instrumental in building online ordering and e-commerce capabilities. Before that position, Mr. Kuai spent 9 years in the information technology of Yum! Restaurants China division enhancing information technology infrastructure and productivity.

Angela Ai is expected to serve as the Chief Development Officer for the Company. Before her appointment to Chief Development Officer of Yum! Restaurants China in 2015, Ms. Ai was the Vice President, Development from 2008 to 2015, and served in management positions for KFC in Nanjing, Wuxi, Nanjing and Hangzhou from 1992 to 2008. Prior to joining YUM, she was the General Manager for China Merchant Group's department store and the Section Chief for Bureau of Youth League.

Alice Wang is expected to serve as the Vice President of Public Affairs for the Company. She has held this position for Yum! Restaurants China since she joined YUM in March 2015. Prior to joining YUM, Ms. Wang spent 22 years with Heinz China where she last served as Vice President of Corporate Affairs, Greater China.

Paul Hill is expected to serve as the Vice President and Controller for the Company. He served as the Interim Chief Financial Officer of Yum! Restaurants China in 2015. Before serving as Interim Chief Financial Officer, Mr. Hill was the Vice President, Division Controller of Yum! Restaurants China from 2012 to 2015, and, before that, he spent 7 years as the Vice President, Division Controller for YRI. From 1995 to 2008 he has held a variety of director and controller positions with YRI and PepsiCo. Prior to joining YUM, Mr. Hill spent 12 years as a Senior Manager in Audit and Consulting at KPMG.

Board of Directors Following the Distribution

The following table and biographies present information concerning the individuals who are expected to serve on the Company's board of directors immediately following the completion of the separation. Dr. Hu's appointment to the Company's board is expected to be effective as of one business day following the completion of the separation. It is expected that, prior to the separation, at least one additional individual will be nominated to serve on the Company's board. The table includes Mr. Pant whose biographical information is included above in the section entitled "—Executive Officers Following the Distribution." The nominees have been selected by the Company's sole stockholder, YUM, to serve on the Company's board of directors effective as of the distribution. Mr. [ ], however, is expected to be appointed to the board of directors effective immediately prior to the commencement of "when-issued" trading of Company common stock on the NYSE. Upon the

effectiveness of his appointment to the board of directors, Mr. [ ] will be also appointed to the audit committee and will serve as its sole member until the distribution date.

Name	Age	Title
Peter A. Bassi	67	Director
Christian L. Campbell	65	Director
Ed Yiu-Cheong Chan	53	Director
Edouard Ettedgui	64	Director
Louis T. Hsieh	52	Director
Fred Hu	53	Director
Jonathan S. Linen	72	Director
Muktesh "Micky" Pant	61	Director and Chief Executive Officer
Zili Shao	57	Director

Peter A. Bassi served as Chairman of Yum! Restaurants International from 2003 to 2005 and its President from 1997 to 2003. Prior to that position, Mr. Bassi spent 25 years in a wide range of financial and general management positions at PepsiCo, Inc., Pepsi-Cola International, Pizza Hut (U.S. and International), Frito-Lay and Taco Bell. Mr. Bassi currently serves as lead director and Chair of the nominating and governance committee for each of BJ's Restaurant and Potbelly Sandwich Works. He has been a member of each board of directors since 2004 and 2009, respectively. In addition, Mr. Bassi serves on the Value Optimization Board for the private equity firm Mekong Capital, based in Vietnam. Mr. Bassi served on the board of The Pep Boys—Manny, Moe & Jack from 2002 to 2009, and served on the board of Amrest Holdings (Poland) from 2012 to 2015.

Christian L. Campbell is currently owner of Christian L. Campbell Consulting LLC, specializing in global corporate governance and compliance. Mr. Campbell previously served as Senior Vice President, General Counsel and Secretary of YUM from its formation in 1997 until his retirement in February 2016. In 2001, Mr. Campbell's role was expanded to include Chief Franchise Policy Officer. In these positions, Mr. Campbell oversaw all legal matters at YUM and was responsible for the oversight of YUM purchasing as a director of YUM's purchasing cooperative with its franchisees. Prior to joining YUM, Mr. Campbell was a Senior Vice President and General Counsel at Owens Corning, a leading global producer of fiberglass insulation and composite building materials. Prior to Owens Corning, he was Vice President and General Counsel for Nalco Chemical Company. In addition, Mr. Campbell was a founding director of Restaurant Supply Chain Solutions, Inc. ("RSCS"), a purchasing cooperative for YUM's U.S. franchising partners, and he served on RSCS's board of directors from its formation in 2001 until 2015. Mr. Campbell will bring to our board expertise in corporate governance and corporate compliance of publicly traded companies. In addition, Mr. Campbell will bring to our board extensive knowledge of the quick service restaurant industry, global franchising and corporate leadership.

Ed Yiu-Cheong Chan is currently a Vice Chairman of Charoen Pokphand Group Company Limited and has been an Executive Director and Vice Chairman of CP Lotus Corporation since April 2012. Mr. Chan was Regional Director of North Asia of the Dairy Farm Group and a director of Dairy Farm Management Services Limited from November 2001 to November 2006. Mr. Chan was the President and Chief Executive Officer of Walmart China from November 2006 to October 2011. Mr. Chan is also a non-executive director of Treasury Wine Estates Limited, a company listed on the Australian Securities Exchange and an independent non-executive director of Link Real Estate Investment Trust, which is listed on the Stock Exchange of Hong Kong Limited. Mr. Chan will bring to our board knowledge of the food and beverage industry in Asia and extensive public company board and corporate governance experience.

Edouard Ettedgui currently serves as the non-executive Chairman of Alliance Française, Hong Kong. He also currently serves as a non-executive director of Mandarin Oriental International Limited, the company for which he was the Group Chief Executive from 1998 to 2016. Prior to his time at

Mandarin Oriental International, Mr. Ettedgui was the Chief Financial Officer for Dairy Farm International Holdings, and he served in various roles for British American Tobacco, including Business Development Director, Group Finance Controller and Group Head of Finance. Mr. Ettedgui has also held senior finance positions in seven countries at Philips International. Mr. Ettedgui will bring to our board senior management experience in various international consumer-product industries, extensive financial expertise and public company board experience.

Louis T. Hsieh currently serves as a senior adviser to the Chief Executive Officer and as a director of New Oriental Education & Technology Group. Prior to his current role, Mr. Hsieh served as that company's Chief Financial Officer from 2005 to 2015 and president from 2008 to 2016. In addition, Mr. Hsieh serves as an independent director, member of the corporate governance committee and chairman of the audit committee for JD.com, Inc, and independent director and Chairman of the audit committee for Nord Anglia Education, Inc. Previously, Mr. Hsieh also served as an independent director, member of the corporate governance committee and chairman of the audit committee for Perfect World Co., Ltd. and China Digital TV Holding Co., Ltd.

Fred Hu is chairman and founder of Primavera Capital Group, a China-based global investment firm ("Primavera"). Dr. Hu has served as chairman of Primavera since its inception in 2010. Prior to Primavera, Dr. Hu served in various roles at Goldman Sachs from 1997 to 2010, including serving as chairman of Greater China at Goldman Sachs Group, Inc. From 1991 to 1996, Dr. Hu served as an economist at the International Monetary Fund (IMF) in Washington D.C., where he engaged in macroeconomic research, policy consultations and technical assistance for member country governments including China. Dr. Hu also served as director of the National Center for Economic Research and professor at Tsinghua University. He is the author of several books and other publications in the areas of economics and finance and on China and Asian economies. Dr. Hu has advised the Chinese government on financial and pension reform, state-owned enterprise (SOE) restructuring, and macroeconomic policies. Dr. Hu is a trustee of China Medical Board and the co-chair of the Nature Conservatory's Asia Pacific Council.

Jonathan S. Linen is a member of the board of directors of Yum! Brands, a position he has held since 2005, and of Modern Bank, N.A. Mr. Linen served as advisor to the Chairman of American Express Company from January 2006 to August 2016. Prior to his role as advisor to the Chairman, Mr. Linen served as the Vice Chairman of American Express Company since August 1993. Mr. Linen served on the board of directors of The Intercontinental Hotels Group from 2005 to 2015. In addition, Mr. Linen is a former director of Bausch & Lomb. Mr. Linen will bring to our board operating and management experience, expertise in finance, marketing and international business development and public company board and committee experience.

Zili Shao has served as Co-Chairman of King & Wood Mallesons—China since April 2015. From 2009 to 2015, Mr. Shao held various positions with JPMorgan Chase & Co., including Chairman and Chief Executive Officer of JPMorgan China, Vice Chairman of JPMorgan Asia Pacific and Chairman of JPMorgan Chase Bank (China) Company Limited. Prior to JPMorgan, he was a partner with Linklaters LLP, a global premium law firm. He held positions as Greater China managing partner and managing partner of Asia Pacific. Mr. Shao will bring to our board extensive professional experience in Asia and public company board and corporate governance experience.

Director Independence

A majority of our board of directors will be comprised of directors who are "independent" as defined by the rules of the New York Stock Exchange. We will seek to have all of our non-management directors qualify as "independent" under these standards, with the exception of Christian Campbell who served as YUM's Senior Vice President, General Counsel, Secretary and Chief Franchise Policy Officer until his retirement in February 2016. Muktesh "Micky" Pant, who is, and is expected to continue after

the distribution to be, our Chief Executive Officer, is also expected to serve as a member of our board of directors. We expect that our board of directors following the distribution will be comprised of ten directors, of which eight will be considered independent.

Director Qualification Standards and Board of Directors Membership Criteria

Upon consummation of the distribution, a majority of the members of the Company's board of directors will qualify as "independent" as defined by the rules of the New York Stock Exchange. The individuals who are expected to serve on the Company's board of directors following the distribution have diverse professional backgrounds and combine a broad spectrum of experience and expertise with a reputation for integrity. These individuals have experience in positions with a high degree of responsibility, are (or have been) leaders in the companies or institutions with which they are (or were) affiliated and have been selected based upon contributions they can make to the Company's board of directors.

Following the distribution, the ultimate responsibility for selection of director candidates will reside in the Company's board of directors. The Company's Nominating and Governance Committee will have, as one of its responsibilities, the recommendation of director candidates to the full board of directors. The Nominating and Governance Committee will interview a director candidate before the candidate is recommended by the Nominating and Corporate Governance Committee for election to the full board of directors. As one of its responsibilities, the Nominating and Governance Committee will be required to periodically review and recommend to the full board of directors the composition, organization and responsibilities of the Company's board of directors and its committees.

Committees of the Board of Directors

Effective upon completion of the separation, the Company's board of directors will establish several standing committees in connection with the discharge of its responsibilities. Such standing committees will include the Audit Committee, Compensation Committee and Nominating and Governance Committee. Each committee will consist solely of independent directors under the applicable independence requirements of the New York Stock Exchange and be governed by a written charter. All such committee charters will be available on the Company's website at www.[ ].com.

Audit Committee. The initial membership of the Audit Committee will be determined prior to the separation. The committee will have at least three members at all times, each of whom shall satisfy the applicable independence requirements of the New York Stock Exchange and Section 10A of the Exchange Act, and the rules promulgated thereunder. Each member of the Audit Committee will be financially literate, and at least one member will be an "audit committee financial expert" as defined by the rules of the SEC. The Audit Committee will, among other things, assist the board of directors in its oversight of:

- the integrity of the financial statements of the Company;
- the Company's compliance with legal and regulatory requirements;
- the Company's system of internal controls and procedures, including disclosure controls and procedures;
- the independent auditors' qualifications and independence; and
- the performance of the Company's internal audit function and independent auditors.

Compensation Committee. The initial membership of the Compensation Committee will be determined prior to the separation. The Compensation Committee will consist of no fewer than three members. Each member of the Compensation Committee will satisfy the independence requirements of

the New York Stock Exchange and meet the definition of "non-employee director" under Rule 16b-3 under the Exchange Act, and "outside director" for purposes of Section 162(m) of the Code. Among other things, the Compensation Committee will:

- oversee the Company's executive compensation plans and programs and review and recommend changes to these plans and programs;
- monitor the performance of the Chief Executive Officer in light of corporate goals set by the Committee;
- review and approve the compensation of the Chief Executive Officer and other executive officers; and
- review management succession planning.

Nominating and Governance Committee. The initial membership of the Nominating and Governance Committee will be determined prior to the separation. The Nominating and Governance Committee will consist of no fewer than three members. Each member of the Nominating and Governance Committee will satisfy the independence requirements of the New York Stock Exchange. Among other things, the Nominating and Governance Committee will:

- identify and propose to the board of directors suitable candidates for board membership;
- advise the board of directors on matters of corporate governance;
- review and reassess from time to time the adequacy of the Company's corporate governance principles;
- receive comments from all directors and report annually to the board of directors with an assessment of the board's performance; and
- prepare and supervise the board of directors' annual review of director independence.

Limitations on Liability, Indemnification of Officers and Directors, and Insurance

The Delaware General Corporation Law (the "DGCL") authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors, except for liability

- for any breach of the director's duty of loyalty to the corporation or its stockholders,
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law,
- for unlawful payments of dividends or unlawful stock repurchases or redemptions described by Section 174 of the DGCL, or
- for any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation will include such an exculpation provision. Our amended and restated certificate of incorporation and amended and restated bylaws will include provisions that require the Company to indemnify, to the fullest extent allowable under the DGCL, directors or officers for monetary damages for actions taken as a director or officer of the Company or while serving at the Company's request as a director or officer or another position at another corporation or enterprise, as the case may be. Our amended and restated certificate of incorporation will also provide that, subject to certain conditions, the Company must advance reasonable expenses to its directors and officers. Our amended and restated certificate of incorporation will expressly authorize the Company to carry directors' and officers' insurance to protect the Company and our directors, officers, employees and agents from certain liabilities.

The limitation of liability and indemnification provisions that will be in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. These provisions may also have the effect of reducing the likelihood of derivative litigation against our directors and officers, even though such an action, if successful, might otherwise benefit our company and our stockholders. However, these provisions will not limit or eliminate the Company's rights, or those of any stockholder, to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's fiduciary duties. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, the Company pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Compensation Committee Interlocks and Insider Participation

During the Company's fiscal year ended December 31, 2015, the Company was not an independent company, and did not have a Compensation Committee or any other committee serving a similar function. Decisions as to the compensation of the Company's executive officers who currently serve as YUM's executive officers were made by YUM, as described in the section of this Information Statement captioned "Compensation Discussion and Analysis."

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

As noted above, the Company is currently a division of YUM and not an independent company, and the Company's Compensation Committee has not yet been formed. This Compensation Discussion and Analysis ("CD&A") describes the historical compensation practices of YUM and outlines certain aspects of the Company's anticipated compensation structure for its named executive officers following the separation. In connection with the separation, the Company (or YUM on the Company's behalf) has identified the Company's named executive officers for 2015 and this CD&A describes the material terms of the compensation arrangements in place for such individuals. For purposes of the following CD&A and executive compensation disclosures, such individuals are collectively referred to as the Company's, or our, "named executive officers" or "NEOs."

The historical decisions relating to the compensation of the Company's named executive officers, who are currently executives of YUM, have been made by YUM in 2015 and in prior years. Following the separation, the compensation of the Company's named executive officers will be determined by the Company's Compensation Committee consistent with the compensation and benefit plans, programs and policies adopted by the Company. Initially, we expect that the Company's compensation policies will be similar to those employed by YUM. The Company's Compensation Committee will review these policies and practices, and, it is expected, will make adjustments to support the Company's strategies as an independent company and to remain market competitive.

Named Executive Officers

The Company's named executive officers for 2015 were as follows:

Name	Title
Muktesh "Micky" Pant	Chief Executive Officer
Edwin "Ted" Stedem	Chief Financial Officer
Joey Wat	Chief Executive Officer, KFC China
Mark Chu	Senior Advisor to the Chief Executive Officer
Shella Ng	Chief Legal Officer

The following sections of this CD&A describe YUM's compensation philosophy, policies and practices as they applied to the Company's named executive officers during 2015.

Compensation Philosophy

YUM's executive compensation program is designed to support its long-term growth model, while holding its executives accountable to achieve key annual results year after year. YUM's compensation philosophy for its named executive officers is reviewed annually by the Management Planning &

Development Committee of YUM's Board of Directors (the "YUM Committee") and has the following objectives:

Objective	Base Salary	Annual Performance-Based Cash Bonuses	Long-Term Equity Performance-Based Incentives
Retain and reward the best talent to achieve superior shareholder results—To be consistently better than its competitors, YUM needs to recruit and retain superior talent who are able to drive superior results. YUM has structured its compensation programs to be competitive and to motivate and reward high performers.	X	X	X
Reward performance—The majority of executive officer pay is performance based and therefore at risk. YUM designs pay programs that incorporate team and individual performance, customer satisfaction and shareholder return.		X	X
Emphasize long-term value creation—YUM's belief is simple: if it creates value for shareholders, then it shares a portion of that value with those responsible for the results. Stock Appreciation Rights/Options ("SARs/Options") reward value creation generated from sustained results and the favorable expectations of YUM's shareholders. Performance Share Unit ("PSU") awards reward for superior relative performance as compared to the S&P 500.			X
Drive ownership mentality—YUM requires executives to personally invest in YUM's success by owning a substantial amount of YUM stock.			X

Elements of Executive Compensation Program

YUM's annual executive compensation program has three primary pay components: base salary, annual performance-based cash bonuses and long-term equity performance-based incentives. YUM also offers certain retirement and other benefits.

Base Salary. YUM provides base salary to compensate its executive officers for their primary roles and responsibilities and to provide a stable level of annual compensation. An executive officer'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. The YUM Committee reviews the salary and performance of YUM's executive officers annually (including Mr. Pant). With respect to Ms. Wat, Mr. Chu and Ms. Ng, the YUM CEO and the CEO of YUM's China division reviewed the salary and performance of the executive officers annually. With respect to Mr. Stedem, the YUM CEO and the CEO of the KFC Division reviewed his salary and performance annually.

Annual Performance-Based Cash Bonuses. YUM's 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 short-term team and individual performance that drives shareholder

value. The formula for calculating the performance-based annual bonus under the Yum Leaders' Bonus Program is the product of the following:

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

Team Performance. The YUM Committee established team performance measures, targets and weights in January 2015 after receiving input and recommendations from management, which were applicable to Mr. Pant, Mr. Chu and Ms. Ng. The objectives were also reviewed by the YUM board of directors, to evaluate whether the goals support YUM's overall strategic objectives. The performance measures, targets and weights applicable to Mr. Stedem and Ms. Wat were established by the KFC Division and the China Division, respectively, rather than by the YUM Committee.

The performance objectives were developed through YUM's annual financial planning process, which takes into account growth strategies, historical performance, and the expected future operating environment of each of its Divisions, including the China Division and the KFC Division, which was led by Mr. Pant before he was appointed as CEO of the China Division. These projections included profit growth to achieve YUM's EPS growth target.

When setting targets for each specific team performance measure, the YUM committee takes into account overall business goals and structures the target to motivate achievement of desired performance consistent with its 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 the 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 YUM discloses to its investors and, when determined to be appropriate by the YUM Committee, may be slightly above or below disclosed guidance. Division and Business Unit 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 2015 Team Performance. The team performance targets, actual results, weights and overall performance for each measure for the Company's NEOs are outlined below. The YUM Committee, with respect to Mr. Pant, the YUM CEO and China Division CEO, with respect to Ms. Wat, Mr. Chu, and Ms. Ng, and the Yum CEO and KFC Division CEO with respect to Mr. Stedem, selected these performance measures because they were viewed as key drivers of long-term value creation. For each NEO's Division, other than Mr. Stedem's and Ms. Wat's, the team performances were weighted 75% on Division operating measures and 25% on YUM team performance. Mr. Pant was CEO of YUM's KFC Division prior to being named CEO of its China Division on August 18, 2015 and the divisional portion of his 2015 Leader's Bonus Program was based on the performance of the KFC Division. For Mr. Stedem's Business Unit, the team performance was

weighted 75% on KFC Asia Business Unit operating measures and 25% on KFC Division team performance.

NEO	Measures	Target	Actual	Earned Award as % of Target	Weighting	Final Team Performance
	Weighted Average Divisions' Team Performances(1)			106	50%	53
	Earnings Per Share Growth (excluding special items)	10%	3%	0	50%	0
	FINAL YUM TEAM FACTOR					**53**
Pant	Operating Profit Growth(2,6)	8%	9%	115	50%	57
	System Same-Store Sales Growth	3%	3%	110	20%	22
	System Net Builds(5)	425	500	200	20%	40
	System Customer Satisfaction	Weighted Average(4)		137	10%	14
	Total Weighted Team Performance—KFC Division (75%)					133
	Total Weighted Team Performance—YUM (25%)					53
	FINAL KFC DIVISION TEAM FACTOR(3)					**113**
Stedem	Operating Profit Growth(2)	2.8%	1.3%	54	50%	27
	System Same-Store Sales Growth	3.8%	2.2%	35	20%	7
	System Net Builds	125	112	88	20%	18
	System Customer Satisfaction	Weighted Average(4)		200	10%	20
	Total Weighted Team Performance—KFC Asia (75%)					72
	Total Weighted Team Performance—KFC Division (25%)					133
	FINAL KFC ASIA TEAM FACTOR(3)					**87**
Chu	Operating Profit Growth(2)	27%	8%	0	50%	0
Ng	System Same-Store Sales Growth	7%	(4)%	0	20%	0
	System Gross New Builds	650	743	200	20%	40
	System Customer Satisfaction	Weighted Average(4)		183	10%	18
	Total Weighted Team Performance—China (75%)					58
	Total Weighted Team Performance—YUM (25%)					53
	FINAL CHINA TEAM FACTOR(3)					**57**
Wat(7)	N/A					N/A

(1) Weighted average based on each Division's contribution to overall segment operating profit of YUM in 2015.

(2) Excludes the impact of foreign exchange.

(3) Final Team Factor reflects 75% Division and 25% YUM weighting (Pant, Chu, and Ng) and 75% KFC Asia and 25% KFC Division weighting (Stedem).

(4) Weighted average of each subsidiary business unit's Team Factor based on number of restaurants.

(5) Excludes U.S. units.

(6) KFC's standard operating profit growth rate target is 10% year-over-year. For 2015, the actual operating growth target was adjusted as shown above for the impact of certain non-recurring costs and other items distortive of brand performance primarily in the U.S. and U.K. markets.

(7) Ms. Wat's 2015 Bonus Award was based on the target award amount, as outlined in her offer letter dated February 28, 2014, rather than on individual performance and team factors.

Long-Term Equity Performance-Based Incentives. YUM provides performance-based long-term equity compensation to its executive officers to encourage long-term decision making that creates shareholder value. To that end, YUM uses vehicles that are designed to motivate and balance the tradeoffs between short-term and long-term performance. Performance-based long-term equity compensation also serves as a retention tool. YUM executive officers, including Mr. Pant, are awarded long-term incentives annually based on the YUM Committee's subjective assessment of the following items for each of its executive officers (without assigning weight to any particular item):

- Prior year individual and team performance
- Expected contribution in future years
- Consideration of the market value of the executive's role compared with similar roles in the YUM Executive Peer Group described below
- Achievement of stock ownership guidelines

The YUM CEO and China Division CEO, with respect to Ms. Wat, Mr. Chu, and Ms. Ng, and the Yum CEO and KFC Division CEO with respect to Mr. Stedem, assessed the performance of these executives by considering items similar to those considered by the YUM Committee in evaluating its executives, and awarded long-term incentives annually based on such assessments. Compensation survey data was used in lieu of the YUM Executive Peer Group in the determinations for the Company's NEOs, other than Mr. Pant (for whom the YUM Executive Peer Group was used).

Equity Mix. Each year, the YUM Committee reviews the mix of long-term incentives to determine if it is appropriate to continue predominantly using SARs/Options as the long-term incentive vehicle. For 2015, the YUM Committee continued to choose SARs/Options and PSU awards because these equity vehicles were viewed as effectively focusing and rewarding management to enhance long-term shareholder value, thereby aligning the interests of YUM's executive officers with the interests of its shareholders. At the beginning of 2015, the YUM Committee determined each of its executive officer's target grant values and the split of those values between SARs/Options and PSU grants. For Mr. Pant and the other executive officers (other than the CEO of YUM), the target grant values were split 80% SARs/Options and 20% PSUs. The YUM Committee awarded predominantly SARs/Options because it believed SARs/Options would align the interests of executives with the interests of shareholders and incentivizes executives to drive a long-term growth in the business. Please see the section entitled "Effect of the Company's Separation from YUM on Outstanding Executive Compensation Awards" for information regarding the impact of the separation on the 2015 equity awards.

With respect to Ms. Wat, Mr. Chu, Ms. Ng, and Mr. Stedem, the YUM CEO annually reviews the mix of long-term incentives to determine if it is appropriate to continue exclusively using SARs as the

long-term incentive vehicle. For 2015, the YUM CEO continued to choose SARs awards because this equity vehicle was viewed as effectively focusing and rewarding management to enhance long-term shareholder value, thereby aligning the interests of executive officers with the interests of shareholders. At the beginning of 2015, the YUM CEO determined the named executive officers' target grant values and the split of those values between SAR and PSU grants. For Ms. Wat, Mr. Chu, Ms. Ng, and Mr. Stedem, the target grant values were 100% SARs. The YUM CEO awarded exclusively SARs because he believed SARs best align the interests of executives with the interests of shareholders and incentivizes executives to drive a long-term growth in the business. Please see the section entitled "Effect of the Company's Separation from YUM on Outstanding Executive Compensation Awards" for information regarding the impact of the separation on the 2015 equity awards.

Stock Appreciation Rights/Stock Options. In 2015, YUM granted to each of its executive officers SARs/Options which have ten-year terms and vest over at least four years. The exercise price of each SARs/Options grant was based on the closing market price of the underlying YUM common stock on the date of grant. Therefore, SARs/Options awards will only have value if the YUM executive officers are successful in increasing the share price of YUM above the awards' exercise price.

Performance Share Plan. Under YUM's Performance Share Plan, YUM granted to each of its executive officers PSU awards in 2015. PSU awards are earned based on YUM's 3-year average total shareholder return ("TSR") relative to the companies in the S&P 500. The YUM Committee believes that incorporating TSR supports YUM's pay-for-performance philosophy while diversifying performance criteria by using measures not used in the annual bonus plan and aligning YUM's executive officers' reward with the creation of shareholder value. Ms. Wat, Mr. Chu, Ms. Ng, and Mr. Stedem were not granted PSU awards during 2015.

The threshold and maximum share payouts are aggressively set, exceeding commonly viewed market best practice. For the performance period covering the 2015 - 2017 calendar years, each YUM executive officer will earn a percentage of his or her target PSU award based on the achieved TSR percentile ranking as set forth in the chart below:

	Threshold	Target	Max.
TSR Percentile Ranking	<40%	40%	50%	90%
Payout as % of Target	0%	50%	100%	200%

YUM set target long-term incentive pay at the 50th percentile of the YUM Executive Peer Group, as described below. Therefore, for on-target performance YUM pays at the median, which is consistent with market practice. Dividend equivalents will accrue during the performance period and will be distributed as incremental shares but only in the same proportion and at the same time as the original awards are earned. If no awards are earned, no dividend equivalents will be paid. The awards are eligible for deferral under YUM's Executive Income Deferral Program.

2015 Named Executive Officer Total Direct Compensation and Performance Summary

Below is a summary of our named executive officers' total direct compensation—which includes base salary, annual cash bonus, PSUs (if applicable) and SARs—and an overview of their 2015 performance relative to YUM's annual and long term incentive performance goals.

Micky Pant
Chief Executive Officer

2015 Performance Summary. Mr. Pant was Chief Executive Officer of YUM's KFC Division prior to being named Chief Executive Officer of its China Division on August 18, 2015. The YUM Committee determined Mr. Pant's performance was above target and approved a 130 individual performance factor. In determining Mr. Pant's annual bonus payout, the YUM Committee recognized

Mr. Pant for the strong results of the KFC Division, especially unit expansion and strong same store sales results, as described above under "Annual Performance-Based Cash Bonus Program." The YUM Committee also acknowledged his leadership in taking over as the China Division CEO in 2015 and reinvigorating the brand culture and planning the China separation. Mr. Pant's individual performance factor, combined with a team factor of 113, resulted in him receiving 147% of his annual target bonus. Mr. Pant's team factor for 2015 was weighted 75% on KFC Division results—which were driven by his leadership prior to his promotion to CEO of the YUM China Division—as agreed to by Mr. Pant and the YUM Committee, and 25% on YUM team performance.

2015 Committee Decisions. In January, Mr. Pant's compensation was adjusted as follows:

- Base salary was increased 7%.
- Annual cash bonus target remained unchanged.
- Target grant value of equity award remained unchanged.

In connection with his mid-year promotion to CEO of YUM's China Division, Mr. Pant's compensation was further adjusted as follows:

- Base salary was increased 19%.
- Annual cash bonus target was increased to 115% of base salary.
- Target grant value of equity award remained unchanged.

These increases brought Mr. Pant's total direct compensation to between the 50th and 75th percentile of the YUM Executive Peer Group.

The table below summarizes how the annual performance-based incentive award was calculated for Mr. Pant:

2015 BONUS AWARD

Base Salary	$950,000
	×
Blended Target Bonus %(1)	105.589%
	×
Team Performance Factor	113%
	×
Individual Performance Factor	130%
	=
2015 Bonus Award	**$1,473,548**

(1) Mr. Pant's "Blended Target Bonus" is based on a Target Bonus of 100% during his time as CEO of the KFC Division and 115% during his time as CEO of the China Division.

Edwin "Ted" Stedem
Chief Financial Officer

2015 Performance Summary. Mr. Stedem was General Manager of KFC Asia prior to being named Chief Financial Officer of the China Division on August 1, 2016. The YUM CEO and KFC Division CEO determined Mr. Stedem's performance was on target and approved a 115 individual performance factor. In determining Mr. Stedem's annual bonus payout, the YUM CEO and KFC Division CEO recognized Mr. Stedem for: forging strong relationships with franchise partners, which helped to stabilize performance and set the foundation for strong future performance; ensuring that pricing was consistent with the consumer and competitive landscape in each market; and building on

the historically strong unit growth momentum in the region. Mr. Stedem's individual performance factor, combined with a team factor of 87, resulted in him receiving 100% of his annual target bonus. Mr. Stedem's team factor for 2015 was weighted 75% on KFC Asia results—which were driven by his leadership and 25% on KFC Division team performance.

2015 YUM Decisions. In January, Mr. Stedem's compensation was adjusted as follows:

- Base salary was increased 3%.
- Annual cash bonus target remained unchanged.
- Target grant value of equity award remained unchanged.

The table below summarizes how the annual performance-based incentive award was calculated for Mr. Stedem:

2015 BONUS AWARD

Base Salary	$356,280
	×
Target Bonus %	45%
	×
Team Performance Factor	87.25%
	×
Individual Performance Factor	115%
	=
2015 Bonus Award	**$160,867**

These increases brought Mr. Stedem's total direct compensation to between the 50th and 75th percentile of the market reference data for a Head of a Business Unit in a Division, based on published survey data from third-party providers, as described more fully in the section below entitled "How Compensation Decisions Are Made".

Joey Wat
Chief Executive Officer, KFC China

2015 Performance Summary. Ms. Wat was President of KFC China prior to be being promoted to CEO of KFC China on August 18, 2015. Per her offer letter, Ms. Wat was paid her bonus at target, rather than on individual performance and team factors.

2015 Company Decisions. In February, Ms. Wat's compensation was adjusted as follows:

- In 2015, YUM did not provide an annual merit increase to its senior executives, including Ms. Wat.
- Annual cash bonus target remained unchanged.
- Target grant value of equity award remained unchanged.

In connection with her mid-year promotion to CEO of KFC China, Ms. Wat's compensation was further adjusted as follows:

- Base salary was increased 5%.
- Annual cash bonus target remained unchanged.
- Target grant value of equity award increased to $750,000.

These increases brought Ms. Wat's total direct compensation to above the 75th percentile of the market reference data for a Head of a Business Unit in a Division, based on published survey data

from third-party providers (as described more fully in the section below entitled 'How Compensation Decisions Are Made').

The table below summarizes how the annual performance-based incentive award was calculated for Ms. Wat:

2015 BONUS AWARD

Base Salary	$610,000
	×
Target Bonus %	85%
	=
2015 Bonus Award(1)	**$518,500**

(1) Ms. Wat's "2015 Bonus Award" was paid based on the target award amount, as outlined in her offer letter dated February 28, 2014, rather than on individual performance and team factors.

Mark Chu
Senior Advisor

2015 Performance Summary. Mr. Chu was re-designated as Senior Advisor of the China Division on January 1, 2016. The YUM CEO and China Division CEO determined Mr. Chu's performance was on target and approved a 110 individual performance factor. In determining Mr. Chu's annual bonus payout, the YUM CEO and China Division CEO recognized Mr. Chu for playing a key role in providing continuity in the transition of leadership to Micky Pant, while making important contributions to emerging brands, such as Pizza Hut Home Service, Little Sheep and East Dawning. Mr. Chu's individual performance factor, combined with a team factor of 57, resulted in him receiving 63% of his annual target bonus. Mr. Chu's team factor for 2015 was weighted 75% on China Division results—which were partly driven by his leadership and 25% on YUM team performance.

2015 Company Decisions. In February, Mr. Chu's compensation was adjusted as follows:

- In 2015, the Company did not provide an annual merit increase to its senior executives, including Mr. Chu.
- Annual cash bonus target remained unchanged.
- Target grant value of equity award remained unchanged.

The table below summarizes how the annual performance-based incentive award was calculated for Mr. Chu:

2015 BONUS AWARD

Base Salary	$400,000
	×
Target Bonus %	60%
	×
Team Performance Factor	57%
	×
Individual Performance Factor	110%
	=
2015 Bonus Award	**$150,480**

Shella Ng
Chief Legal Officer

2015 Performance Summary. Ms. Ng was Chief Legal Officer of the China Division in 2015. The YUM CEO and China Division CEO determined Ms. Ng's performance was on target and approved a 110 individual performance factor. In determining Ms. Ng's annual bonus payout, the YUM CEO and China Division CEO recognized Ms. Ng for playing a key role in the pending separation of the Company from YUM, including her contributions in preparing inter-company agreements and readiness planning, which involved know how building and the hiring of personnel in key functions. Ms. Ng's individual performance factor, combined with a team factor of 57, resulted in her receiving 63% of her annual target bonus. Ms. Ng's team factor for 2015 was weighted 75% on China Division results—which were partly driven by her leadership and 25% on YUM team performance.

2015 Company Decisions. In February, Ms. Ng's compensation was adjusted as follows:

- In 2015, the Company did not provide an annual merit increase to its senior executives, including Ms. Ng.
- Annual cash bonus target remained unchanged.
- Target grant value of equity award remained unchanged.

Ms. Ng's 2015 total direct compensation was between the 50th and 75th percentile of the market reference data for a Top Legal Executive of a Division, based on published survey data from third-party providers, as described more fully in the section below entitled "How Compensation Decisions Are Made".

The table below summarizes how the annual performance-based incentive award was calculated for Ms. Ng:

2015 BONUS AWARD

Base Salary	$359,243
	×
Target Bonus %	60%
	×
Team Performance Factor	57%
	×
Individual Performance Factor	110%
	=
2015 Bonus Award	**$135,147**

Retirement and Other Benefits.

As with all YUM employees, YUM executive officers receive certain employment and post-employment benefits. Benefits are an important part of retention and capital preservation for all levels of employees. Our benefits are designed to protect against the expense of unexpected catastrophic loss of health and/or earnings potential, and provide a means to save and accumulate for retirement or other post-employment needs.

Retirement Benefits. For executives who were hired or re-hired after September 30, 2001, YUM has implemented the Leadership Retirement Plan ("LRP"). This is an unfunded, unsecured account-based retirement plan which allocates a percentage of pay to an account payable to the executive following the later to occur of the executive's separation of employment from YUM or attainment of age 55. For 2015, Mr. Pant was eligible for the LRP and received an annual allocation to his account equal to 20% of his base salary and target bonus, and an annual earnings credit of 5%.

YUM offers certain executives working in China retirement benefits under the Yum! Restaurants (Hong Kong) Limited Retirement Scheme. Under this program, YUM provides a company funded contribution ranging from 5% to 10% of an executive's base salary. During 2015, Ms. Wat, Mr. Chu and Ms. Ng were participants in the program. YUM's contribution for 2015 was equal to 5%, 10% and 10% of salary for Ms. Wat, Mr. Chu and Ms. Ng, respectively. Upon termination, participants will receive a lump sum equal to a percentage of the Company's contributions inclusive of investment return. This percentage is based on a vesting schedule that provides participants with a vested 30% interest upon completion of a minimum of 3 years of service, and an additional 10% vested interest for each additional completed year, up to a maximum of 100%.

Medical, Dental, Life Insurance and Disability Coverage. YUM also provides other benefits such as medical, dental, life insurance and disability coverage to its executive officers through benefit plans, which are also provided to all eligible U.S. salaried employees. Eligible employees can purchase additional life, dependent life and accidental death and dismemberment coverage as part of their employee benefits package. YUM's broad-based employee disability plan limits the annual benefit coverage to $300,000. Executives located in China, who are not eligible for benefits under the benefit programs provided to eligible U.S. salaried employees, are provided with medical, life and accidental death insurance by the Company.

Perquisites. Certain perquisites are provided to certain Company executive officers relating to overseas assignment.

Nonqualified Deferred Compensation. YUM provides an Executive Income Deferral ("EID") Program, in addition to the LRP. These plans are unfunded, unsecured deferred, account-based compensation plans. For each calendar year, participants are permitted under the EID Program to defer up to 85% of their base pay and up to 100% of their annual incentive award. Mr. Pant and Mr. Stedem are the only Company NEOs currently eligible to participate in the EID Program.

How Compensation Decisions Are Made

Role of the YUM Committee. YUM executive compensation decisions have historically been made by the YUM Committee using its judgment, focusing primarily on each executive officer's performance against his financial and strategic objectives, qualitative factors and YUM's overall performance. The YUM Committee considers the total compensation of each executive officer, including Mr. Pant, and retains discretion to make decisions that are reflective of overall business performance and each executive's strategic contributions to the business. It also carefully considers shareholder and advisor feedback in making its compensation decisions. The YUM CEO and China Division CEO, with respect to Ms. Wat, Mr. Chu, and Ms. Ng, and the Yum CEO and KFC Division CEO with respect to Mr. Stedem, were responsible for making compensation decisions for these NEOs during 2015.

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

- it is to act independently of management and at the direction of the YUM Committee;
- its ongoing engagement will be determined by the YUM Committee;
- it is to inform the YUM 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 YUM; and
- it is to assist the YUM Committee in its determination of the annual compensation package for its executive officers.

The YUM Committee considered the following factors, among others, in determining that Meridian is independent of management and its provision of services to the YUM Committee did not give rise to a conflict of interest:

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

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

The YUM Committee established the current peer group of companies for its executive officers at the end of 2014 for pay determinations in 2015. The 2015 YUM Executive Peer Group is comprised of the following companies:

AutoZone Inc.
Avon Products Inc.
Campbell Soup Company
Colgate Palmolive Company
Gap Inc.
General Mills Inc.
Hilton Worldwide Holdings Inc.
Kellogg Company
Kimberly-Clark Corporation
Kohl's Corporation
Kraft Foods Group, Inc.
Macy's Inc.
Marriott International
McDonald's Corporation
Nike Inc.
Office Depot, Inc.
Staples Inc.
Starbucks Corporation
Starwood Hotels & Resorts Worldwide, Inc.
Unilever USA

Competitive Positioning and Setting Compensation. At the beginning of 2015, the YUM Committee considered YUM Executive Peer Group compensation data as a frame of reference for establishing compensation targets for base salary, annual bonus and long-term incentives for each executive officer. In particular, the YUM Committee generally targeted each of its executive officer's base salary and long-term incentive compensation at the 50th percentile of the YUM Executive Peer Group and target annual bonus opportunity at the 75th percentile of the YUM Executive Peer Group. In setting executive officer compensation, the YUM Committee considers this competitive market data but does not rely on it exclusively. It also considers additional factors in setting each element of YUM executive officer compensation, including individual performance, experience, time in role and expected contributions.

YUM benchmarks Division and Business Unit leaders using published survey data from third-party providers like Mercer, Willis Towers Watson, and AonHewitt. YUM compares data of comparable positions based on responsibilities and size of the business. The YUM CEO and Division CEOs considered survey data as a frame of reference for establishing compensation targets for base salary, annual bonus and long-term incentives for each named executive officer, other than Mr. Pant. In particular, the YUM CEO and Division CEOs generally target each of its executive officer's base salary and long-term incentive compensation at the 50th percentile and target annual bonus opportunity at the 75th percentile. In setting executive officer compensation, the Yum CEO and Division CEOs consider this competitive market data but do not rely on it exclusively. Additional factors are considered in setting each element of executive officer compensation, including individual performance, experience, time in role and expected future contributions.

Compensation Policies and Practices

YUM's Executive Stock Ownership Guidelines. The YUM Committee has established stock ownership guidelines for approximately 400 of its senior employees, including its executive officers. If a YUM executive officer does not meet his or her ownership guidelines, he or she is not eligible for a long-term equity incentive award. Mr. Pant's and Mr. Chu's ownership of YUM shares was well in excess of the amount required by the guidelines, while Mr. Stedem and Ms. Ng's ownership met the guidelines. Ms. Wat joined YUM pursuant to an offer letter dated February 28, 2014, and YUM policy allows employees a period of five years within which to meet ownership guidelines.

NEO	Ownership Guidelines	Shares Owned(1)	Value of Shares(2)	Multiple of Salary
Pant	30,000	107,592	7,859,596	8
Stedem	5,000	8,302	606,461	2
Wat	5,000	—	—	—
Chu	5,000	21,664	1,582,555	4
Ng	5,000	5,401	394,543	1

(1) Calculated as of December 31, 2015. For Mr. Pant, represents shares owned outright, vested RSUs and all RSUs awarded under the Company's Executive Income Deferral Program. For Mr. Chu and Ms. Ng, the figure represents 50% of vested awards. For Mr. Stedem, the figure represents shares owned outright, vested RSUs and all RSUs awarded under the Company's Executive Income Deferral Program, as well as 50% of vested awards.

(2) Based on YUM closing stock price of $73.05 as of December 31, 2015.

Payments upon Termination of Employment. YUM does not have agreements with its executives concerning payments upon termination of employment except in the case of a change in control of YUM. The YUM Committee believes these are appropriate agreements for retaining executive officers to preserve shareholder value in case of a potential change in control. The YUM Committee periodically reviews these agreements and other aspects of its change in control program. YUM's change in control severance agreements, in general, entitle YUM executive officers terminated other than for cause within two years of a change in control, to receive a benefit of two times salary and bonus.

YUM's change in control severance agreements include a "best net after-tax" approach to address any potential excise tax imposed on executives. If any excise tax is due, YUM will not make a gross-up payment, but instead will reduce payments to an executive if the reduction will provide the YUM executive officer the best net after-tax result. If full payment to a YUM executive officer will result in the best net after-tax result, the full amount will be paid, but the YUM executive officer will be solely responsible for any potential excise tax payment. Also, effective for equity awards made in 2013 and beyond, the YUM Committee implemented "double trigger" vesting, pursuant to which outstanding awards will fully and immediately vest only if the executive is employed on the date of a change in control of YUM and is involuntarily terminated (other than by YUM for cause) on or within two years following the change in control.

In the case of an executive officer's retirement, YUM provides retirement benefits described above, life insurance benefits, the continued ability to exercise vested SARs/Options and the ability to vest in PSUs on a pro rata basis.

Compensation Recovery Policy. Pursuant to YUM's Compensation Recovery Policy (*i.e.*, "clawback"), the YUM Committee may require an executive officer (including Mr. Pant) to return compensation paid or may cancel any award or bonuses not yet vested or earned if the executive officer engaged in misconduct or violation of YUM policy that resulted in significant financial or reputational harm or violation of YUM policy, or contributed to the use of inaccurate metrics in the calculation of

incentive compensation. Under this policy, when the YUM board of directors determines that recovery of compensation is appropriate, YUM could require repayment of all or a portion of any bonus, incentive payment, equity-based award or other compensation, and cancellation of an award or bonus to the fullest extent permitted by law.

Hedging and Pledging of YUM Stock. Under YUM's Code of Conduct, no employee or director is permitted to engage in securities transactions that would allow them either to insulate themselves from, or profit from, a decline in YUM's stock price. Similarly, no employee or director may enter into hedging transactions in YUM stock. Such transactions include (without limitation) short sales as well as any hedging transactions in derivative securities (*e.g.*, puts, calls, swaps, or collars) or other speculative transactions related to YUM's stock. Pledging of YUM stock is also prohibited.

Deductibility of Executive Compensation. The provisions of Section 162(m) of the Internal Revenue Code limit the tax deduction for compensation in excess of $1 million paid to certain YUM executive officers (including Mr. Pant). Performance-based compensation is excluded from the limit, however, so long as it meets certain requirements. The YUM Committee structures compensation to take advantage of this exemption under Section 162(m) to the extent practicable, while satisfying YUM's compensation policies and objectives. Because the YUM Committee also recognizes the need to retain flexibility to make compensation decisions that may not meet the standards of Section 162(m) when necessary to enable YUM to continue to attract, retain, and motivate highly-qualified executives, it reserves the authority to approve potentially non-deductible compensation.

Effect of the Company's Separation from YUM on Outstanding Executive Compensation Awards

The separation of the Company from YUM is not considered a change in control under YUM's executive compensation programs, and therefore it will not entitle the Company officers to any change in control benefits under those programs.

Equity-Based Compensation: Concurrently with the separation, and notwithstanding anything in the foregoing to the contrary (including the more general discussion of YUM's equity-based compensation awards presented in the "Executive Compensation Tables" discussion herein), holders of YUM equity-based awards, whether vested or unvested, will generally receive both adjusted YUM awards and Company awards, subject only to limited exceptions. Further, holders of performance units will retain all awards as YUM awards, adjusted to reflect the effects of the separation.

Similarly, employees who hold unrestricted common stock of YUM acquired through past equity-based awards or otherwise will be treated like all other YUM shareholders in the distribution.

The Company's Compensation and Benefit Programs—Going Forward

The Company expects that its compensation and benefits programs and philosophy initially will be similar to those that applied to the Company's business prior to the separation, provided that it is expected that any equity-based programs for executives will be similar to those maintained by YUM. Following the separation, the Company's Compensation Committee will develop the Company's compensation and benefits philosophy and intends to establish financial and non-financial performance goals and competitive compensation and benefits practices to meet and advance the Company's business needs and goals.

The Company expects that it will initially establish policies regarding guidelines for executive stock ownership, payments made upon termination of employment, equity compensation granting practices, compensation recovery, the hedging and pledging of Company stock, and the deductibility of executive compensation, that will be similar to those policies in place at YUM for its executive officers.

In connection with the separation, the Company has adopted, and YUM in its capacity as the Company's sole stockholder has approved, the Yum China Holdings, Inc. Long Term Incentive Plan, to be effective as of the distribution date. In addition, the Company expects to adopt the Yum China Holdings, Inc. Leadership Retirement Plan, to be effective on the distribution date. These plans are described in greater detail in the sections of this Information Statement captioned "—Yum China Holdings, Inc. Long Term Incentive Plan" and "—Yum China Holdings, Inc. Leadership Retirement Plan," respectively.

2015 SUMMARY COMPENSATION TABLE

The following table and footnotes summarize the total compensation awarded to, earned by or paid to the Company's Named Executive Officers ("NEOs") for the 2015 fiscal year. The Company's NEOs are its Chief Executive Officer, Chief Financial Officer, and the three other most highly compensated executive officers for the 2015 fiscal year.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Option/ SAR Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Muktesh "Micky" Pant	2015	849,038	—	355,012	1,419,011	1,473,548	42,979	950,622	5,090,210
Chief Executive	2014	750,000	—	350,019	1,475,973	799,500	32,735	313,356	3,721,583
Officer	2013	750,000	—	203,735	1,323,839	784,875	15,640	309,198	3,387,287
Edwin "Ted" Stedem(7)	2015	356,280	—	—	120,076	160,867	—	514,250	1,151,467
Chief Financial Officer									
Joey Wat(7)	2015	590,000	—	—	1,059,813	518,500	—	1,560,728	3,729,041
Chief Executive Officer, KFC China									
Mark Chu(7)	2015	400,000	—	—	272,877	150,480	—	335,318	1,158,675
Senior Advisor									
Shella Ng(7)	2015	359,243	—	—	185,558	135,147	—	900,935	1,580,883
Chief Legal Officer									

(1) Amounts shown are not reduced to reflect the NEOs' elections, if any, to defer receipt of salary into the EID Program.

(2) Amounts shown in this column represent the grant date fair values for PSUs granted in 2015, 2014 and 2013. The grant date fair value of the PSUs reflected in this column is the target payout based on the probable outcome of the performance condition, determined as of the grant date. The maximum potential values of the PSUs is 200% of target. Assuming the maximum achievement of the performance goal, the grant date fair value of Mr. Pant's 2015 PSU award would be $710,024. For more information, see the discussion of stock awards and option awards contained in Part II, Item 8, "Financial Statements and Supplementary Data" of the YUM 2015 Annual Report in Notes to Consolidated Financial Statements at Note 14, "Share-based and Deferred Compensation Plans."

(3) The amounts shown in this column represent the grant date fair values of the SARs awarded in 2015, 2014 and 2013, respectively. For more information, see the discussion of stock awards and option awards contained in Part II, Item 8, "Financial Statements and Supplementary Data" of the YUM 2015 Annual Report in Notes to Consolidated Financial Statements at Note 14, "Share-based and Deferred Compensation Plans." For Ms. Wat, this column also includes her 2015 CEO Awards with a grant date fair value of $623,216. See the Grants of Plan-Based Awards Table for details.

(4) Amounts in this column reflect the annual incentive awards earned for the 2015, 2014 and 2013 fiscal year performance periods, which were awarded by the YUM Committee in January 2016, January 2015 and January

2014, respectively, under the Yum Leaders' Bonus Program, which is described further in our CD&A under the heading "Annual Performance-Based Cash Bonuses.

(5) Amounts in this column also represent the above market earnings as established pursuant to SEC rules which have accrued under each of his accounts under the LRP for Mr. Pant.

(6) The amounts in this column for 2015 are explained in the All Other Compensation Table and footnotes to that table, which follows.

(7) Mr. Stedem, Ms. Wat, Mr. Chu, and Ms. Ng were not executive officers of YUM during any period prior to the separation. As such, no amounts for them are included for years prior to the most recent fiscal year.

2015 ALL OTHER COMPENSATION TABLE

The following table and footnotes summarize the compensation and benefits included under All Other Compensation in the Summary Compensation Table above for 2015 that were awarded to, earned by or paid to the Company's NEOs by YUM, for the fiscal year ending December 31, 2015.

Name (a)	Perquisites and other personal benefits ($)(1) (b)	Tax Reimbursements ($)(2) (c)	Insurance premiums ($)(3) (d)	LRP Contributions ($)(4) (e)	Other ($)(5) (f)	Total ($) (g)
Mr. Pant	376,431	114,028	14,913	408,500	36,750	950,622
Mr. Stedem	412,304	13,066	—	—	88,880	514,250
Ms. Wat	500,000	720,654	—	—	340,074	1,560,728
Mr. Chu	138,083	143,749	—	—	53,486	335,318
Ms. Ng	123,354	719,655	—	—	57,926	900,935

(1) Amounts in this column include: for Mr. Pant, a relocation and cost of living allowance ($150,000) and expenditures/housing allowance ($226,431); for Mr. Stedem, a mobility premium ($108,798), education allowance ($75,626), housing allowance ($157,557), and a pension plan payment ($70,323); for Ms. Wat, a sign-on bonus ($500,000); for Mr. Chu, a housing allowance ($138,083); and for Ms. Ng, a housing allowance ($123,354), and such amounts are valued based on the amounts paid directly to these NEOs.

(2) Amounts in this column reflect payments to the executive of tax reimbursements. For Mr. Pant, this amount represents YUM-provided tax reimbursement for relocation, cost of living allowance and expenditure/housing allowance associated with his position as CEO of the China Division. For Ms. Wat, Mr. Chu and Ms. Ng, these amounts represent tax reimbursements for cost of living allowance and expenditure/housing allowance.

(3) These amounts reflect the income each NEO was deemed to receive from IRS tables related to YUM-provided life insurance in excess of $50,000.

(4) This column represents YUM's annual allocations to the LRP.

(5) This column reports the total amount of other benefits provided, none of which individually exceeded the greater of $25,000 or 10% of the total amount of these benefits and the perquisites and other personal benefits shown in column (b) for the NEO. These other benefits include mobility premiums, transportation benefits, home leave expenses and tax preparation assistance. For Mr. Pant, these other benefits also include the housing allowance associated with his position as CEO of the China Division.

2015 GRANTS OF PLAN-BASED AWARDS

The following table provides information on SARs and PSUs granted in 2015 to the Company's NEOs.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Option/SAR Awards; Number of Securities Underlying Options	Exercise or Base Price Option/SAR Awards	Grant Date Fair Value
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)(3)	($/Sh)(4)	($)(5)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Mr. Pant	2/6/2015	—	1,003,096	3,009,288						
	2/6/2015							89,022	73.93	1,419,011
	2/6/2015				—	4,802	9,604			355,012
Mr. Stedem	2/6/2015	—	160,326	480,978						
	2/6/2015							7,533	73.93	120,076
Ms. Wat	2/6/2015	—	518,500	1,555,500						
	2/6/2015							27,390	73.93	436,597
	3/25/2015							32,595	79.15	623,216
Mr. Chu	2/6/2015	—	240,000	720,000						
	2/6/2015							17,119	73.93	272,877
Ms. Ng	2/6/2015	—	215,546	646,638						
	2/6/2015							11,641	73.93	185,558

(1) Amounts in columns (c), (d) and (e) provide the minimum amount, target amount and maximum amount payable as annual incentive compensation under the Yum Leaders' Bonus Program based on respective team performances and on individual performance during 2015. The actual amount of annual incentive compensation awards are shown in column (g) of the Summary Compensation Table. The performance measurements, performance targets, and target bonus percentages are described in the CD&A beginning under the discussion of annual incentive compensation.

(2) Reflects grants of PSU awards subject to performance-based vesting conditions in 2015. The PSU awards vest on December 31, 2017 and PSU award payouts are subject to YUM's achievement of specified relative TSR rankings against its peer group (which is the S&P 500) during the performance period ending on December 31, 2017. The performance target for all the PSU awards granted to the YUM NEOs in 2015 is a 50% TSR percentile ranking for YUM, determined by comparing its relative TSR ranking against its peer group as measured at the end of the performance period. If the 50% TSR percentile ranking target is achieved, 100% of the PSU award will pay out in shares of YUM stock, subject to executive's election to defer PSU awards into the EID Program. If less than 40% TSR percentile ranking is achieved, there will be no payout. If YUM's TSR percentile ranking is 90% or higher, PSU awards pay out at the maximum, which is 200% of target. The terms of the PSU awards provide that in case of a change in control of YUM during the first year of award, shares will be distributed assuming target performance was achieved subject to reduction to reflect the portion of the performance period following the change in control. In case of a change in control of YUM after the first year of the award, shares will be distributed assuming performance at the greater of target level or projected level at the time of the change in control subject to reduction to reflect the portion of the performance period following the change in control.

(3) Reflects grants of SARs in 2015. SARs allow the grantee to receive the number of shares of YUM common stock that is equal in value to the appreciation in YUM common stock with respect to the number of SARs granted from the date of grant to the date of exercise. SARs become exercisable in equal installments on the first, second, third and fourth anniversaries of the grant date. The terms of each SAR grant provides that, in case of a change in control, if an executive is employed on the date of a change in control of YUM and is involuntarily terminated on or within two years following the change in control (other than by YUM for cause) then all outstanding awards become exercisable immediately.

Executives who have attained age 55 with 10 years of service who terminate employment may exercise SARs that were vested on their date of termination through the expiration dates of the SARs (generally, the tenth anniversary following the SARs grant dates). Vested SARs of grantees who die may also be exercised by the grantee's beneficiary through the expiration dates of the vested SARs and the grantee's unvested SARs expire on the grantee's date of death. If a grantee's employment is terminated due to gross misconduct, the entire award is forfeited. For other employment terminations, all vested or previously exercisable SARs as of the last day of employment must be exercised within 90 days following termination of employment.

(4) The exercise prices of the SARs granted in 2015 equals the closing price of YUM common stock on the respective grant dates.

(5) Amounts in this column reflect the full grant date fair value of the PSU awards shown in column (g) and the SARs shown in column (i). The grant date fair value is the amount that YUM is expensing in its financial statements over the award's vesting schedule. For PSUs, fair value is calculated by multiplying the per unit value of the award ($73.93) by the number of units corresponding to the most probable outcome of performance conditions on the grant date. For SARs, fair value of $15.94 was calculated using the Black-Scholes value on the February 6, 2015 grant date. In addition, with respect to Ms. Wat, a fair value of $19.12 was calculated using the Black-Scholes value on the March 25, 2015 grant date. For additional information, see the discussion of stock awards and option awards contained in Part II, Item 8, "Financial Statements and Supplementary Data" of the YUM 2015 Annual Report in Notes to Consolidated Financial Statements at Note 14, "Share-based and Deferred Compensation Plans."

OUTSTANDING EQUITY AWARDS AT 2015 YEAR-END

The following table shows the number of shares covered by exercisable and unexercisable SARs and PSUs held by the Company's NEOs on December 31, 2015.

		Option/SAR Awards(1)				Stock Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options/ SARs (#) Exercisable	Number of Securities Underlying Unexercised Options/ SARs (#) Unexercisable	Option/ SAR Exercise Price ($)	Option/ SAR Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)(2)	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested ($)(3)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Pant	1/19/2007	49,844	—	$ 29.61	1/19/2017				
	1/24/2008	133,856	—	$ 37.30	1/24/2018				
	1/24/2008	53,543	—	$ 37.30	1/24/2018				
	2/5/2009	135,318	—	$ 29.29	2/5/2019				
	2/5/2010	114,745	—	$ 32.98	2/5/2020				
	2/4/2011	101,833	—	$ 49.30	2/4/2021				
	11/18/2011	—	94,949(vii)	$ 53.84	11/18/2021				
	2/8/2012	86,892	28,964(i)	$ 64.44	2/8/2022				
	2/6/2013	45,461	45,462(ii)	$ 62.93	2/6/2023				
	2/5/2014	21,145	63,438(iii)	$ 70.54	2/5/2024				
	2/6/2015	—	89,022(iv)	$ 73.93	2/6/2025				
						—	—	19,528	1,426,520
Stedem	2/4/2011	4,379		$ 49.30	2/4/2021				
	2/4/2011	7,129		$ 49.30	2/4/2021				
	2/8/2012	3,103	1,035(i)	$ 64.44	2/8/2022				
	2/6/2013	1,894	1,895(ii)	$ 62.93	2/6/2023				
	2/5/2014	1,564	4,694(iii)	$ 70.54	2/5/2024				
	2/5/2014	859	2,580(iii)	$ 70.54	2/5/2024				
	2/6/2015	—	7,533(iv)	$ 73.93	2/6/2025				
Wat	2/6/2015	—	27,390(iv)	$ 73.93	2/6/2025				
	3/25/2015	—	32,595(v)	$ 79.15	3/25/2025				
Chu	2/4/2011	—	101,833(vi)	$ 49.30	2/4/2021				
	2/8/2012	31,033	10,345(i)	$ 64.44	2/8/2022				
	2/6/2013	18,942	18,943(ii)	$ 62.93	2/6/2023				
	2/5/2014	8,596	25,788(iii)	$ 70.54	2/5/2024				
	2/6/2015	—	17,119(iv)	$ 73.93	2/6/2025				
Ng	2/5/2010	4,421	—	$ 32.98	2/5/2020				
	2/4/2011	11,886	—	$ 49.30	2/4/2021				
	2/8/2012	—	8,276(i)	$ 64.44	2/8/2022				
	2/8/2012	10,551	3,518(i)	$ 64.44	2/8/2022				
	2/6/2013	6,819	6,820(ii)	$ 62.93	2/6/2023				
	2/5/2014	3,094	9,284(iii)	$ 70.54	2/5/2024				
	2/6/2015	—	11,641(iv)	$ 73.93	2/6/2025				

(1) The actual vesting dates for unexercisable awards are as follows:

- (i) Remainder of unexercisable awards vested on February 8, 2016.
- (ii) One-half of the unexercisable award will vest on each of February 6, 2016 and 2017.
- (iii) One-third of the unexercisable award will vest on each of February 5, 2016, 2017, and 2018.
- (iv) One-fourth of the unexercisable award will vest on each of February 6, 2016, 2017, 2018, and 2019.
- (v) One-fourth of the unexercisable award will vest on each of March 25, 2016, 2017, 2018 and 2019.
- (vi) Unexercisable award vested on February 4, 2016
- (vii) Unexercisable award will vest on November 18, 2016.

(2) The awards reflected in this column are unvested performance-based PSU awards with three-year performance periods that are scheduled to vest on December 31, 2016 or December 31, 2017 if the performance targets are met. In accordance with SEC rules, the PSU awards are reported at their maximum payout value as follows: 2014 grant—9,924 PSUs; and 2015 grant—9,604 PSUs.

(3) The market value of these awards are calculated by multiplying the number of shares covered by the award by $73.05, the closing price of YUM stock on the NYSE on December 31, 2015.

2015 OPTION/SAR EXERCISES AND STOCK VESTED

The table below shows the number of shares of YUM common stock acquired during 2015 upon exercise of SAR awards and before payment of applicable withholding taxes and broker commissions.

	Option/SAR Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value realized on Vesting ($)
(a)	(b)	(c)	(d)	(e)
Pant	63,282	5,062,676	—	—
Stedem	3,641	293,227	—	—
Wat	—	—	—	—
Chu	35,913	2,843,068	—	—
Ng	11,881	943,320	—	—

Nonqualified Deferred Compensation. Amounts reflected in the Nonqualified Deferred Compensation table below are provided for under YUM's EID Program and the LRP. These plans are unfunded, unsecured deferred, account-based compensation plans. For each calendar year, participants are permitted under the EID Program to defer up to 85% of their base pay and up to 100% of their annual incentive award. The LRP provides an annual allocation to the account of Mr. Pant equal to 20% of his salary plus target bonus.

EID Program.

Deferred Investments under the EID Program. Amounts deferred under the EID Program may be invested in the following phantom investment alternatives (12 month investment returns are shown in parentheses):

- YUM! Stock Fund (2.45%*)
- YUM! Matching Stock Fund (2.45%*)
- S&P 500 Index Fund (–0.74%)
- Bond Market Index Fund (–0.19%)
- Stable Value Fund (1.54%)

All of the phantom investment alternatives offered under the EID Program are designed to match the performance of actual investments; that is, they provide market rate returns and do not provide for preferential earnings. The S&P 500 index fund, bond market index fund and stable value fund are designed to track the investment return of like-named funds offered under YUM's 401(k) Plan. The YUM! Stock Fund and YUM! Matching Stock Fund track the investment return of YUM's common stock. Participants may transfer funds between the investment alternatives on a quarterly basis except (1) funds invested in the YUM! Stock Fund or YUM! Matching Stock Fund may not be transferred once invested in these funds and (2) a participant may only elect to invest into the YUM! Matching Stock Fund at the time the annual incentive deferral election is made. In the case of the Matching Stock Fund, participants who defer their annual incentive into this fund acquire additional phantom shares (RSUs) equal to 33% of the RSUs received with respect to the deferral of their annual incentive into the YUM! Matching Stock Fund (the additional RSUs are referred to as "matching contributions"). The RSUs attributable to the matching contributions are allocated on the same day the RSUs attributable to the annual incentive are allocated, which is the same day YUM makes its annual stock appreciation right grants. Eligible amounts attributable to the matching contribution under the

* Assumes dividends are not reinvested.

YUM! Matching Stock Fund are included in column (c) below as contributions by YUM (and represent amounts actually credited to the YUM executive officer's account during 2015). Beginning with their 2009 annual incentive award, those who are eligible for PSU awards are no longer eligible to participate in the Matching Stock Fund.

RSUs attributable to annual incentive deferrals into the YUM! Matching Stock Fund and matching contributions vest on the second anniversary of the grant (or upon a change in control of YUM, if earlier) and are payable as shares of YUM common stock pursuant to the participant's deferral election. Unvested RSUs held in a participant's YUM! Matching Stock Fund account are forfeited if the participant voluntarily terminates employment with YUM within two years of the deferral date. If a participant terminates employment involuntarily, the portion of the account attributable to the matching contributions is forfeited and the participant will receive an amount equal to the amount of the original amount deferred. If a participant dies or becomes disabled during the restricted period, the participant fully vests in the RSUs. Dividend equivalents are accrued during the restricted period but are only paid if the RSUs vest. RSUs held by a participant who has attained age 65 with five years of service vest immediately. In the case of a participant who has attained age 55 with 10 years of service, RSUs attributable to bonus deferrals into the YUM! Matching Stock Fund vest immediately and RSUs attributable to the matching contribution vest on a pro rata basis during the period beginning on the first anniversary of the grant and ending on the second anniversary of the grant and are fully vested on the second anniversary.

Distributions under EID Program. When participants elect to defer amounts into the EID Program, they also select when the amounts ultimately will be distributed to them. Distributions may either be made in a specific year—whether or not employment has then ended—or at a time that begins at or after the executive's retirement, separation or termination of employment.

Distributions can be made in a lump sum or quarterly or annual installments for up to 20 years. Initial deferrals are subject to a minimum two year deferral. In general, with respect to amounts deferred after 2005 or not fully vested as of January 1, 2005, participants may change their distribution schedule, provided the new elections satisfy the requirements of Section 409A of the Internal Revenue Code (the "Code"). In general, Code Section 409A requires that:

- Distribution schedules cannot be accelerated (other than for a hardship),
- To delay a previously scheduled distribution,
    - A participant must make an election at least one year before the distribution otherwise would be made, and
    - The new distribution cannot begin earlier than five years after it would have begun without the election to re-defer.

With respect to amounts deferred prior to 2005, to delay a distribution the new distribution cannot begin until two years after it would have begun without the election to re-defer.

Investments in the YUM! Stock Fund and YUM! Matching Stock Fund are only distributed in shares of YUM stock.

Distributions from the EID Program will not be made solely as a result of the separation and distribution.

LRP.

LRP Account Returns. The LRP provides an annual earnings credit to each participant's account based on the value of participant's account at the end of each year. Under the LRP, Mr. Pant receives an annual earnings credit equal to 5%. YUM's contribution ("Employer Credit") for 2015 is equal to 20% of Mr. Pant's salary plus target bonus.

Distributions under LRP. Under the LRP, participants age 55 or older are entitled to a lump sum distribution of their account balance in the quarter following their separation of employment. Participants under age 55 with a vested LRP benefit combined with any other deferred compensation benefits covered under Code Section 409A exceeds $15,000, will not receive a distribution until the calendar quarter that follows the participant's 55th birthday. Distributions from the LRP will not be made solely as a result of the separation and distribution.

2015 Nonqualified Deferred Compensation Table

Name	Executive Contributions in Last FY ($)(1)	YUM Contributions in Last FY ($)(2)	Aggregate Earnings in Last FY ($)(3)	Aggregate Withdrawals/ Distributions ($)(4)	Aggregate Balance at Last FYE ($)(5)
(a)	(b)	(c)	(d)	(e)	(f)
Pant	721,683	408,500	288,715	15,894	11,508,418
Stedem	—	—	11,901	25,079	463,796
Wat	—	—	—	—	—
Chu	—	—	—	—	—
Ng	—	—	—	—	—

(1) Amounts in column (b) reflect amounts that were also reported as compensation in YUM's 2015 Summary Compensation Table.

(2) Amounts in column (c) reflect Mr. Pant's LRP allocation of $408,500.

(3) Amounts in column (d) reflect earnings during the last fiscal year on deferred amounts. All earnings are based on the investment alternatives offered under the EID Program or the earnings credit provided under the LRP described in the narrative above this table. The EID Program earnings are market based returns and, therefore, are not reported in the Summary Compensation Table. For Mr. Pant, of the earnings reflected in this column, $42,979 was deemed above market earnings accruing to his account under the LRP. For above market earnings on nonqualified deferred compensation, see the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the Summary Compensation Table.

(4) The amount shown in column (e) was distributed to Mr. Pant to pay payroll taxes due upon the account balance under the EID Program or LRP for 2015.

(5) The amount reflected in column (f) is the year-end balance for Mr. Pant under the EID Program and the LRP. As required under SEC rules, $2,933,282 is the portion of the year-end balance for Mr. Pant which has previously been reported as compensation to him in YUM's Summary Compensation Table for 2015 and prior years.

Potential Payments upon Termination or Change in Control. The information below describes and quantifies certain compensation that would become payable under existing plans and arrangements if Mr. Pant's employment with YUM had terminated on December 31, 2015, and, if applicable, based on the YUM's closing stock price on that date. This information is not applicable to the other Company named executive officers. These benefits are in addition to benefits available generally to salaried employees, such as distributions under YUM's 401(k) Plan, retiree medical benefits, disability benefits and accrued vacation pay.

Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any actual amounts paid or distributed may be different. Factors that could affect these amounts include the timing during the year of any such event, YUM's stock price and the executive's age.

SAR Awards. If Mr. Pant terminated employment for any reason other than retirement, death, disability or following a YUM change in control and as of December 31, 2015, he could exercise the SARs that were exercisable on that date as shown at the Outstanding Equity Awards at Year-End table above, otherwise all SARs, pursuant to their terms, would have been forfeited and cancelled after that date. Mr. Pant does not currently hold any YUM stock options. If he had retired, died or become disabled as of December 31, 2015, exercisable SARs would remain exercisable through the term of the award. Except in the case of a change in control of YUM, no SARs become exercisable on an accelerated basis. Benefits Mr. Pant would have received on a change in control of YUM are discussed below.

EID Program. As described in more detail above, the YUM executive officers participate in the EID Program, which permits the deferral of salary and annual incentive compensation. The last column of the Nonqualified Deferred Compensation Table includes the aggregate balance at December 31, 2015 of each of our NEOs. Executive officers are entitled to receive their vested amount under the EID Program in case of voluntary termination of employment. In the case of involuntary termination of employment, they are entitled to receive their vested benefit and the amount of the unvested benefit that corresponds to their deferral. In the case of death, disability or retirement after age 65, they or their beneficiaries are entitled to their entire account balance as shown in the last column of the Nonqualified Deferred Compensation table.

In the case of an involuntary termination of employment as of December 31, 2015, Mr. Pant would have received $8,702,530. This amount reflects bonuses previously deferred by Mr. Pant and appreciation on these deferred amounts (see above for discussion of investment alternatives available under the EID). Mr. Pant's EID balance is invested primarily in RSUs. Thus, his EID account balance represents deferred bonuses (earned in prior years) and appreciation of his account based primarily on the performance of YUM's stock.

Leadership Retirement Plan. Under the LRP, participants age 55 are entitled to a lump sum distribution of their account balance following their termination of employment. Participants under age 55 who terminate with more than five years of service will receive their account balance at their 55th birthday. In case of termination of employment as of December 31, 2015, Mr. Pant would have received $2,805,888.

Performance Share Unit Awards. If an executive officer terminated employment for any reason other than retirement or death or following a change in control and prior to achievement of the performance criteria and vesting period, then the award would be cancelled and forfeited. If an executive officer had retired, or died as of December 31, 2015, the PSU award would be paid out based on actual performance for the performance period, subject to a pro rata reduction reflecting the portion of the performance period not worked by the executive officer. If any of these terminations had occurred on December 31, 2015, Mr. Pant would have been entitled to $369,464, assuming target performance.

Life Insurance Benefits. For a description of the supplemental life insurance plans that provide coverage to the YUM executive officers, see the All Other Compensation Table above. If Mr. Pant had died on December 31, 2015, the survivors of Mr. Pant would have received YUM-paid life insurance of $2,043,000 under this arrangement. Executives and all other salaried employees can purchase additional life insurance benefits up to a maximum combined company paid and additional life insurance of $3.5 million. This additional benefit is not paid or subsidized by YUM and, therefore, is not shown here.

Change in Control. Change in control severance agreements are in effect between YUM and certain key executives (including Mr. Pant, but not the other Company NEOs). These agreements are general obligations of YUM, and provide, generally, that if, within two years subsequent to a change in control of YUM, the employment of the executive is terminated (other than for cause, or for other

limited reasons specified in the change in control severance agreements) or the executive terminates employment for Good Reason (defined in the change in control severance agreements to include a diminution of duties and responsibilities or benefits), the executive will be entitled to receive the following:

- a proportionate annual incentive assuming achievement of target performance goals under the bonus plan or, if higher, assuming continued achievement of actual YUM performance until date of termination;
- a severance payment equal to two times the sum of the executive's base salary and the target bonus or, if higher, the actual bonus for the year preceding the change in control of YUM; and
- outplacement services for up to one year following termination.

The change in control severance agreements include a "best net after-tax" approach to address any potential excise tax imposed on executives. If any excise tax is due, YUM will not make a gross-up payment, but instead will reduce payments to an executive if the reduction will provide the YUM executive officer the best net after-tax result.

The change in control severance agreements have a three-year term and are automatically renewable each January 1 for another three-year term. An executive whose employment is not terminated within two years of a change in control will not be entitled to receive any severance payments under the change in control severance agreements, with respect to such change in control.

Generally, pursuant to the agreements, a change in control is deemed to occur:

(i) if any person acquires 20% or more of YUM's voting securities (other than securities acquired directly from YUM or its affiliates);

(ii) if a majority of the directors as of the date of the agreement are replaced other than in specific circumstances; or

(iii) upon the consummation of a merger of YUM or any subsidiary of YUM other than (a) a merger where YUM's directors immediately before the change in control constitute a majority of the directors of the resulting organization, or (b) a merger effected to implement a recapitalization of YUM in which no person is or becomes the beneficial owner of securities of YUM representing 20% or more of the combined voting power of YUM's then-outstanding securities.

In addition to the payments described above, upon a change in control:

- All stock options and/or SARs granted prior to 2013 and held by the executive will automatically vest and become exercisable. For all stock options and/or SARs granted beginning in 2013, outstanding awards will fully and immediately vest following a change in control if the executive is employed on the date of the change in control of YUM and is involuntarily terminated (other than by YUM for cause) on or within two years following the change in control.
- All RSUs under YUM's EID Program held by the executive will automatically vest.
- All PSU awards under YUM's Performance Share Plan awarded in the year in which the change in control occurs will be paid out at target assuming a target level performance had been achieved for the entire performance period, subject to a pro rata reduction to reflect the portion of the performance period after the change in control. All PSUs awarded for performance periods that began before the year in which the change in control occurs will be paid out assuming performance achieved for the performance period was at the greater of target level performance or projected level of performance at the time of the change in control, subject to pro rata reduction to reflect the portion of the performance period after the change in control. In all cases, executives must be employed with YUM on the date of the change in control and

involuntarily terminated upon or following the change in control and during the performance period. See the Company's CD&A beginning on page 99 for more detail.

If a change in control and the involuntary termination of one of the Company's NEOs had occurred as of December 31, 2015, the following payments or other benefits would have been made or become available to them:

	Pant $	Stedem $	Wat $	Chu $	Ng $
Severance Payment	3,906,875				
Annual Incentive	1,003,438	160,326	518,500	240,000	215,546
Accelerated Vesting of SARs	2,692,655	46,346	—	2,764,035	193,868
Accelerated Vesting of RSUs	—	—	—	—	—
Acceleration of PSU Performance/Vesting	369,464	—	—	—	—
Outplacement	25,000	—	—	—	—
TOTAL	**7,997,432**	**206,672**	**518,500**	**3,004,035**	**409,414**

If a change in control without an involuntary termination of one of the Company's NEOs had occurred as of December 31, 2015, the following benefits would have become available to them:

	Pant $	Stedem $	Wat $	Chu $	Ng $
Accelerated Vesting of SARs	2,073,350	8,911	—	2,507,604	101,546
Accelerated Vesting of RSUs	—	—	—	—	—
Acceleration of PSU Performance/Vesting	—	—	—	—	—
TOTAL	**2,073,350**	**8,911**	**—**	**2,507,604**	**101,546**

Yum China Holdings, Inc. Long Term Incentive Plan

The Company has adopted, and YUM in its capacity as the Company's sole stockholder has approved, a long term incentive program with terms as substantially set forth below. It is expected that the Plan (defined below) will become effective as of the distribution date and will continue in effect until terminated by the Company's board of directors; provided, however, that no award may be granted under the Plan on or after the tenth anniversary of the effective date of the Plan.

Purpose

The purposes of the Yum China Holdings, Inc. Long Term Incentive Plan (the "Plan") are (i) to attract and retain persons eligible to participate in the Plan; (ii) to motivate participants, by means of appropriate incentives, to achieve long-range goals; (iii) to provide incentive compensation opportunities that are competitive with those of other similar companies; (iv) to align the interests of participants with those of the our shareholders; and (v) to issue awards pursuant to and in accordance with the employee matters agreement (the "EMA"). To accomplish these purposes, the Plan authorizes the award of stock options (including incentive stock options ("ISOs") and non-qualified stock options ("NQOs")), stock appreciation rights ("SARs"), "Full Value Awards" (including restricted stock awards, restricted stock unit awards, performance shares, and performance unit awards), and cash incentive awards, each as described below. The Plan also provides for the grant of awards with respect to our common stock as provided in the EMA ("EMA Awards").

Eligibility

Any officer, director or other employee of us or one of our subsidiaries, consultants, independent contractors or agents of us or one of our subsidiaries, and persons who are expected to become officers, employees, directors, consultants, independent contractors or agents of us or one of our subsidiaries (but effective no earlier than the date on which such individual begins to provide services

to us or one of our subsidiaries), including in any case, our non-employee directors ("Outside Directors") are eligible to participate in the Plan. Upon receiving a grant of an award under the Plan, an eligible individual shall be a "participant" in the Plan. EMA Awards will also be granted to those individuals who are entitled to them pursuant to the EMA, as described below.

Administration of the Plan

The Plan is administered by a "Committee," which generally means the Compensation Committee of the board of directors. For purposes of the Plan and subject to the terms and conditions of the Plan, the Committee has the authority and discretion (a) to select from among the eligible individuals those persons who shall receive awards under the Plan, (b) to determine the time or times of receipt, (c) to determine the types of awards and the number of shares covered by the awards, (d) to establish the terms, conditions, performance criteria, restrictions, and other provisions of such awards, and, subject to the terms and conditions of the Plan, to cancel or suspend awards, (e) to the extent that the Committee determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the awards in jurisdictions outside the United States, to modify those restrictions as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States, (f) to conclusively interpret the Plan, (g) to establish, amend, and rescind any rules and regulations relating to the Plan, (h) to determine the terms and provisions of any award agreement made pursuant to the Plan, and (i) to make all other determinations that may be necessary or advisable for the administration of the Plan.

Except as prohibited by applicable law or as necessary to preserve exemptions under the securities laws, the Committee may delegate any of its duties under the Plan to such agents as it determines from time to time (which delegation can be revoked at any time).

Shares Available Under the Plan

We have reserved for issuance under the Plan 45,000,000 shares of our common stock. Shares available under the Plan may be authorized but unissued or shares currently held or subsequently acquired by us as treasury shares (to the extent permitted by law), including shares purchased in the open market or in private transactions.

Each share delivered in respect of a Full Value Award is counted as covering two shares except that, in the case of restricted stock or restricted stock units delivered pursuant to the settlement of earned annual incentives or delivered pursuant to EMA Awards, each share shall be counted as covering one share. To the extent any shares of stock covered by an award are not delivered to a participant or beneficiary because the award is forfeited or canceled, used to satisfy the applicable tax withholding obligation, or settled in cash, such shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of stock available for delivery under the Plan. If the exercise price of any stock option granted under the Plan is satisfied by tendering shares of our common stock (by either actual delivery or by attestation, including net exercise), only the number of shares of stock issued net of the shares tendered shall be deemed delivered for purposes of the Plan.

Other Share Limitations

The following limitations shall apply under the Plan: (a) the number of shares available for grants of ISOs under the Plan is equal to 45,000,000; (b) the maximum number of shares that may be covered by stock options or SARs granted to any one individual during any five calendar-year period shall be 9,000,000; (c) in the case of Full Value Awards that are intended to be performance-based compensation for purposes of Code Section 162(m) ("Performance-Based Compensation"), no more than 3,000,000 shares of common stock may be subject to such awards granted to any one individual during any five-calendar-year period (regardless of when such shares are deliverable); provided, however, that, in the case of any Full Value Award that is a performance unit award that is intended to

Performance-Based Compensation, no more than $10,000,000 may be subject to any such awards granted to any one individual during any one-calendar-year period (regardless of when such amounts are deliverable); (d) in the case of cash incentive awards that are intended to be Performance-Based Compensation, the maximum amount payable to any participant with respect to any twelve-month performance period shall equal $10,000,000 (pro rated for performance periods that are greater or lesser than twelve months); and (e) no Outside Director may be granted during any calendar year an award or awards having a value determined on the grant date in excess of $1,500,000.

Adjustments

In the event of a change in corporate capitalization (such as a stock split or stock dividend), a corporate transaction (such as a reorganization, reclassification, merger or consolidation or separation), other changes in our corporate structure, or a distribution to shareholders (other than a cash dividend that is not an extraordinary cash dividend) that affects our outstanding shares common stock, the Committee shall make such equitable adjustments, as it determines are necessary and appropriate, in: (a) the number and type of shares (or other property) with respect to which awards may be granted under the Plan; (b) the number and type of shares (or other property) subject to outstanding awards; (c) the grant or exercise price with respect to outstanding awards; (d) the limitations on shares reserved for issuance under the Plan and the limitations on the number of shares (or dollar amount) that can be subject to awards granted to certain individuals or within a specified time period; and (e) the terms, conditions or restrictions of outstanding awards and/or award agreements.

Awards under the Plan

Generally

The Committee shall designate the participants to whom awards are to be granted and the type of awards to be granted and shall determine the number of shares of our common stock (or cash) subject to each award and the other terms and conditions thereof, not inconsistent with the Plan. In no event shall a stock option or SAR be exercisable later than the ten-year anniversary of the date on which the stock option or SAR is granted (or such shorter period required by law or the rules of any stock exchange on which the stock is listed). Awards may be settled through the delivery of shares of our common stock, the granting of replacement awards, or combination thereof as the Committee shall determine. Any award settlement, including payment deferrals, may be subject to such conditions, restrictions and contingencies as the Committee shall determine.

Stock Options and SARs

The grant of a stock option under the Plan entitles the participant to purchase shares of our common stock at an exercise price and during a specified time established by the Committee. Any stock option may be either an ISO or an NQO, as determined in the discretion of the Committee. An "ISO" is a stock option that is intended to satisfy the requirements applicable to an "incentive stock option" described in Code Section 422(b) and may only be granted to employees of us or our eligible subsidiaries. An "NQO" is a stock option that is not intended to be an ISO. An SAR entitles the participant to receive, in cash or stock, value equal to (or otherwise based on) the excess of: (a) the fair market value of a specified number of shares of our common stock at the time of exercise; over (b) an exercise price established by the Committee.

The "exercise price" of each stock option or SAR granted shall be established by the Committee or shall be determined by a method established by the Committee at the time the stock option or SAR is granted, except that the exercise price shall not be less than the fair market value of a share of stock on the date of grant (except in limited circumstances such as substitute awards in the context of a corporate transaction or EMA Awards).

The exercise price of a stock option shall be payable in cash or by tendering (including by way of a net exercise), by either actual delivery of shares or by attestation, shares of stock acceptable to the Committee, and valued at fair market value as of the day of exercise, or in any combination thereof, as determined by the Committee or, if permitted by the Committee, by the participant's irrevocably authorizing a third party to sell shares of stock (or a sufficient portion of the shares) acquired upon exercise of the stock option and remit to us a sufficient portion of the sale proceeds to pay the entire exercise price and any tax withholding resulting from such exercise.

In no event shall a stock option or SAR be exercisable later than the ten-year anniversary of the date on which the stock option or SAR is granted (or such shorter period required by law or the rules of any stock exchange on which the stock is listed).

Except for either adjustments in connection with corporate transactions (discussed above) or reductions of the exercise price approved by our shareholders, the exercise price for any outstanding Option or SAR may not be decreased after the date of grant nor may an outstanding Option or SAR granted under the Plan be surrendered to us as consideration for the grant of a replacement Option or SAR with a lower exercise price or a Full Value Award. Except as approved by our shareholders, in no event shall any Option or SAR granted under the Plan be surrendered to us in consideration for a cash payment if, at the time of such surrender, the exercise price of the Option or SAR is greater than the then current fair market value of a share of our stock.

Full Value Awards

A "Full Value Award" is a grant of one or more shares of our common stock or a right to receive one or more shares of our common stock in the future (including restricted stock, restricted stock units, performance shares, and performance units) that is contingent on continuing service, the achievement of performance objectives during a specified period performance, or other restrictions as determined by the Committee. The grant of Full Value Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee. Full Value Awards made to employees be subject to minimum vesting requirements depending on the terms and purpose of the award.

Cash Incentive Awards

A "Cash Incentive Award" is the grant of a right to receive a payment of cash (or in the discretion of the Committee, shares of stock having value equivalent to the cash otherwise payable) that is contingent on achievement of performance objectives over a specified period established by the Committee. The grant of Cash Incentive Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee.

EMA Awards

As of the distribution date, the Committee shall grant "EMA Awards" to each individual who is entitled to an award with respect to our common stock pursuant to the terms of the EMA or who is otherwise entitled to receive a share of our common stock pursuant to the EMA. All EMA Awards will be made in accordance with the terms of the EMA. With respect to EMA Awards, the provisions of the EMA relating to such awards supersede any other Plan provisions.

The number of shares of our common stock subject to an EMA Award granted to an EMA Participant, and, to the extent applicable, the exercise price of the EMA Award, shall be determined in accordance with the applicable provision of the EMA and shall otherwise be subject to the same terms and conditions (including vesting, settlement and termination) as applied to the corresponding award under the corresponding YUM award to which the EMA Award relates and otherwise shall be subject to the terms and conditions of the EMA. Any condition related to termination of a participant's employment or service with YUM or its affiliates or related to a determination by the committee charged with administration of the YUM plans shall be based on an otherwise identical condition

related to the termination of a participant's employment or service with the us and our subsidiaries or a determination by the Committee under this Plan, respectively and as applicable.

Performance-Based Compensation

In general, Code Section 162(m) limits our compensation deduction to $1,000,000 paid in any tax year to any "covered employee" as defined under Code Section 162(m). This deduction limitation does not apply to certain types of compensation, including Performance-Based Compensation. The terms of the Plan permit, but do not require, us to issue awards under the Plan that meet the requirements of Performance-Based Compensation so that such awards will be deductible by us for federal income tax purposes. Full Value Awards granted under the Plan that are designated and structured as Performance-Based Compensation will be conditioned on the achievement of one or more performance targets as determined by the Committee and one or more of the following performance measures: cash flow; earnings; earnings per share; market value added or economic value added; profits; return on assets; return on equity; return on investment; revenues; stock price; total shareholder return; customer satisfaction metrics; or restaurant unit development. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of us and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or shares outstanding, investments or to assets or net assets. The performance targets established by the Committee may be with respect to us, a subsidiary, operating unit, division, or group or individual performance (or any combination thereof).

Change in Control

Subject to the provisions relating to adjustments in the context of corporate transactions (described above) and except as otherwise provided in the Plan or the award agreement reflecting the applicable award, if a Change in Control (as defined in the Plan) occurs prior to the date on which an award is vested and prior to the participant's separation from service and if the participant's employment is involuntarily terminated by the us or our subsidiaries (other than for cause) on or within two years following the Change in Control, then (a) all outstanding Options and SARs (regardless of whether in tandem with a SAR or Option, as applicable) shall become fully exercisable and (b) all Full Value Awards shall become fully vested and the Committee shall determine the extent to which performance conditions are met in accordance with the terms of the Plan and the applicable award agreement.

Transferability

Unless otherwise determined by the Committee and expressly provided for in an award agreement, no award or any other benefit under the Plan shall be assignable or otherwise transferable except by will or the laws of descent and distribution.

Withholding

All distributions under the Plan are subject to withholding of all applicable taxes, and the Committee may condition the delivery of any shares or other benefits under the Plan on satisfaction of the applicable withholding obligations. The Committee, in its discretion, and subject to such requirements as the Committee may impose prior to the occurrence of such withholding, may permit such withholding obligations to be satisfied through cash payment by the participant, through the surrender of shares of stock which the participant already owns, or through the surrender of shares of stock to which the participant is otherwise entitled under the Plan; provided, however, previously-owned stock that has been held by the participant or stock to which the participant is entitled under the Plan may only be used to satisfy the minimum tax withholding required by applicable law (or other rates of withholding that will not have a negative accounting impact).

Participants Outside the United States

The Committee may grant awards to eligible persons who are foreign nationals on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to foster and promote achievement of the purposes of the Plan. In furtherance of such purposes, the Committee may make such modifications, amendments, procedures and subplans as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which we or any of our subsidiaries operates or has employees. The foregoing provisions may not be applied to increase the share limitations of the Plan or to otherwise change any provision of the Plan that would otherwise require the approval of our shareholders.

Misconduct and Recoupment

The Committee, in its discretion, may impose such restrictions on shares of stock acquired pursuant to the Plan, whether pursuant to the exercise of a stock option or SAR, settlement of a Full Value Award or otherwise, as it determines to be desirable, including, without limitation, restrictions relating to disposition of the shares and forfeiture restrictions based on service, performance, stock ownership by the participant, conformity with our recoupment, compensation recovery, or clawback policies and such other factors as the Committee determines to be appropriate. Unless otherwise specified by the Committee, any awards under the Plan and any shares of stock issued pursuant to the Plan shall be subject to our compensation recovery, clawback, and recoupment policies as in effect from time to time.

If the Committee determines that a present or former employee has (a) used for profit or disclosed to unauthorized persons, confidential or trade secrets of us, (b) breached any contract with or violated any fiduciary obligation to us, or (c) engaged in any conduct which the Committee determines is injurious to us or our subsidiaries, the Committee may cause that employee to forfeit his or her outstanding awards under the Plan. This provision does not apply during any period where there is a potential Change in Control in effect or following a Change in Control.

Amendment and Termination of the Plan

The Company's board of directors may, at any time, amend or terminate the Plan (and the Committee may amend any award agreement); provided, however, that no amendment or termination of the Plan or amendment of any award agreement may, in the absence of written consent to the change by the affected participant or beneficiary, if applicable, affect the rights of any participant or beneficiary under any award granted under the Plan prior to the date of such amendment or termination. Adjustments pursuant to corporate transactions and restructurings are not subject to the foregoing limitations. In addition, amendments to the provisions of the Plan that prohibit the repricing of stock options and SARs, amendments expanding the group of eligible individuals, or amendments increases in the aggregate number of shares reserved under the Plan, the shares that may be issued in the form of ISOs, limitations on certain types of Full Value Awards and amendments of the individual limits on awards and the limitations on awards to Outside Directors will not be effective unless approved by our shareholders. In addition, no amendment shall be made to the Plan without the approval of our shareholders if such approval is required by law or the rules of any stock exchange on which the common stock is listed.

U.S. Federal Income Tax Implications of the Plan

The discussion that follows is a summary, based on U.S. federal tax laws and regulations presently in effect, of some significant U.S. federal income tax considerations relating to awards under the Plan. The applicable laws and regulations are subject to change, and the discussion does not purport to be a complete description of the federal income tax aspects of the Plan. This summary does not discuss state, local or foreign laws.

Stock Options. The tax treatment of a stock option depends on whether the option is a NQO or an ISO.

The grant of an NQO will not result in taxable income to the participant. Except as described below, the participant will realize ordinary income at the time of exercise in an amount equal to the excess of the fair market value of the shares of stock acquired over the exercise price for those shares of common stock, and we will be entitled to a corresponding deduction.

The grant of an ISO will not result in taxable income to the participant. The exercise of an ISO will not result in taxable income to the participant provided that the participant was, without a break in service, an employee of us and our eligible subsidiaries (determined under tax rules) during the period beginning on the date of the grant of the ISO and ending on the date three months prior to the date of exercise (one year prior to the date of exercise if the participant is disabled, as that term is defined in the Code).

The excess of the fair market value of the shares of common stock at the time of the exercise of an ISO over the exercise price is an adjustment that is included in the calculation of the participant's alternative minimum taxable income for the tax year in which the ISO is exercised. For purposes of determining the participant's alternative minimum tax liability for the year of disposition of the shares of common stock acquired pursuant to the ISO exercise, the participant will have a basis in those shares of common stock equal to the fair market value of the shares of common stock at the time of exercise.

If the participant does not sell or otherwise dispose of the shares of common stock within two years from the date of the grant of the ISO or within one year after receiving the transfer of such shares of common stock, then, upon disposition of such shares of common stock, any amount realized in excess of the exercise price will be taxed to the participant as capital gain, and we will not be entitled to any deduction for Federal income tax purposes.

If the foregoing holding period requirements are not met, the participant will generally realize ordinary income, and a corresponding deduction will be allowed to us, at the time of the disposition of the shares of common stock, in an amount equal to the lesser of (a) the excess of the fair market value of the shares of common stock on the date of exercise over the exercise price, or (b) the excess, if any, of the amount realized upon disposition of the shares of common stock over the exercise price.

Special rules apply if an option is exercised through the exchange of previously acquired stock.

SARs. A participant will not be deemed to have received any income upon the grant of a SAR. Generally, when a SAR is exercised, the excess of the market price of common stock on the date of exercise over the exercise price will be taxable to a participant as ordinary income. We are entitled to a deduction in the year of exercise equal to the amount of income taxable to the individual.

Full Value Awards. The federal income tax consequences of a Full Value Award will depend on the type of award. The tax treatment of the grant of shares of common stock depends on whether the shares are subject to a substantial risk of forfeiture (determined under Code rules) at the time of the grant. If the shares are subject to a substantial risk of forfeiture, the participant will not recognize taxable income at the time of the grant and when the restrictions on the shares lapse (that is, when the shares are no longer subject to a substantial risk of forfeiture), the participant will recognize ordinary taxable income in an amount equal to the fair market value of the shares at that time. If the shares are not subject to a substantial risk of forfeiture or if the participant elects to be taxed at the time of the grant of such shares under Code Section 83(b), the participant will recognize taxable income at the time of the grant of shares in an amount equal to the fair market value of such shares at that time, determined without regard to any of the restrictions.

If the shares are forfeited before the restrictions lapse, the participant will be entitled to no deduction on account thereof. The participant's tax basis in the shares is the amount recognized by him

or her as income attributable to such shares. Gain or loss recognized by the participant on a subsequent disposition of any such shares is capital gain or loss if the shares are otherwise capital assets.

In the case of other Full Value Awards, such as restricted stock units or performance stock units, the participant generally will not have taxable income upon the grant of the award provided that there are restrictions on such awards that constitute a substantial risk of forfeiture under applicable Code rules. Participants will generally recognize ordinary income when the restrictions on awards lapse, on the date of grant if there are no such restrictions or, in certain cases, when the award is settled. At that time, the participant will recognize taxable income equal to the cash or the then fair market value of the shares issuable in payment of such award, and such amount will be the tax basis for any shares received. In the case of an award which does not constitute property at the time of grant (such as an award of units), participants will generally recognize ordinary income when the award is paid or settled.

We generally will be entitled to a tax deduction in the same amount, and at the same time, as the income is recognized by the participant.

Yum China Holdings, Inc. Leadership Retirement Plan

Prior to the completion of the separation and distribution, the Company expects to adopt the Yum China Holdings, Inc. Leadership Retirement Plan ("YCHLRP"). The Company expects the YCHLRP to become effective as of the distribution date and to continue in effect until terminated by the Company's board of directors. The terms of the YCHLRP are expected to be substantially similar to the terms of the YUM LRP, described above. The Company expects that executives who are at least age 21, who are classified as salary level 12, who are not eligible to participate in a tax-qualified defined benefit plan, and who satisfy certain additional requirements as to work location and assignment will be eligible to participate in the YCHLRP if selected for participation by the Company. The YCHLRP is expected to be an unfunded, unsecured account-based retirement plan that allocates a percentage of pay to an account payable to an executive following the later to occur of the executive's separation of employment from the Company or attainment of age 55. The YCHLRP is expected to provide an annual earnings credit to each participant's account based on the value of participant's account at the end of each year. Under the YCHLRP, participants age 55 or older are expected to be entitled to a lump sum distribution of their account balance on the last day of the calendar quarter that occurs on or follows their separation of employment. It is expected that participants under age 55 with a vested YCHLRP benefit that, combined with any other deferred compensation benefits covered under Code Section 409A, exceeds $15,000, will not receive a distribution until the last day of the calendar quarter that occurs on or follows the participant's 55th birthday.

Non-Employee Director Compensation

Prior to the completion of the separation, the Company expects to approve non-employee director compensation arrangements. The Company expects that it will pay its non-employee directors an annual retainer equal to $225,000, payable in Company common stock. A director may request to receive up to one-half of his or her annual equity retainer in cash. Requests must be submitted to the chairman of the Company's Compensation Committee. In addition to the annual equity retainer paid to all Company non-employee directors, the Chairman of the board of directors will receive an additional annual cash retainer of $225,000. Director stock ownership requirements and the timing of the stock grants and cash payments described in this paragraph will be determined by the Company's board of directors following the completion of the separation.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Agreements with YUM

Following the separation and distribution, the Company and YUM will operate separately, each as an independent public company. We will enter into a separation and distribution agreement with YUM, which is referred to in this Information Statement as the "separation and distribution agreement." In connection with the separation, we will also enter into various other agreements to effect the separation and provide a framework for our relationship with YUM after the separation, including a master license agreement, a tax matters agreement, an employee matters agreement, a transition services agreement and a name license agreement. These agreements will provide for the allocation between us and YUM of assets, employees, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after our separation from YUM and will govern certain relationships between the Company and YUM after the separation. The agreements listed above will be filed as exhibits to the registration statement on Form 10 of which this Information Statement is a part.

The summaries of each of the agreements listed above are qualified in their entireties by reference to the full text of the applicable agreements, which are incorporated by reference into this Information Statement. See "Where You Can Find More Information."

The Separation and Distribution Agreement

Transfer of Assets and Assumption of Liabilities

The separation and distribution agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be assigned to each of the Company and YUM as part of the separation of YUM into two independent companies, and it will provide for when and how these transfers, assumptions and assignments will occur. In particular, the separation and distribution agreement will provide, among other things, that subject to the terms and conditions contained therein:

- Certain assets related to the Company business, which are referred to as the "Company Assets," will be transferred to the Company, including:
  - equity interests in certain YUM subsidiaries that operate the Company business:
  - contracts (or portions thereof) that relate to the Company business;
  - certain information, technology, software and intellectual property exclusively used in the Company business;
  - rights and assets expressly allocated to the Company pursuant to the terms of the separation and distribution agreement or certain other agreements entered into in connection with the separation;
  - permits primarily used in the Company business; and
  - other assets that are included in the Company pro forma combined balance sheet included in this Information Statement.
- Certain liabilities related to the Company business or the Company Assets, which are referred to as the "Company Liabilities," will be retained by or transferred to the Company, including:
  - specified litigation matters that relate to the Company business;
  - liabilities and obligations expressly allocated to the Company pursuant to the terms of the separation and distribution agreement or certain other agreements entered into in connection with the separation; and

- other liabilities that are included in the Company pro forma combined balance sheet included in this Information Statement.

- All of the assets and liabilities (including whether accrued, contingent or otherwise) other than the Company Assets and the Company Liabilities (all such assets and liabilities, other than the Company Assets and the Company Liabilities, referred to as the "YUM Assets" and the "YUM Liabilities," respectively), will be retained or assumed by YUM.

Except as expressly set forth in the separation and distribution agreement or any ancillary agreement, neither the Company nor YUM will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, as to any approvals or notifications required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either the Company or YUM, or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. All assets will be transferred on an "as is," "where is" basis and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, that any necessary consents or governmental approval are not obtained or that any requirements of laws, agreements, security interests, or judgments are not complied with.

Information in this Information Statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation and distribution agreement, unless the context otherwise requires. The separation and distribution agreement will provide that, in the event that the transfer or assignment of certain assets and liabilities to the Company or YUM, as applicable, does not occur prior to the separation, then until such assets or liabilities are able to be transferred or assigned, the Company or YUM, as applicable, will hold such assets on behalf and for the benefit of the other party and will pay, perform and discharge such liabilities, for which the other party will reimburse YUM or the Company, as applicable, for any payments made in connection with the maintenance of such assets or the performance and discharge of such liabilities.

The Distribution

The separation and distribution agreement will also govern the rights and obligations of the parties regarding the distribution following the completion of the separation. On the distribution date, YUM will distribute to its shareholders that hold YUM common stock as of 5:00 p.m., Eastern Time, on the record date for the distribution all of the issued and outstanding shares of the Company's common stock held by YUM on a pro rata basis. YUM shareholders will receive cash in lieu of any fractional shares.

Conditions to the Distribution

The separation and distribution agreement will provide that the distribution is subject to satisfaction (or waiver by YUM) of certain conditions described under "The Separation and Distribution—Conditions to the Distribution." YUM has the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio.

Settlement of Accounts Between the Company and YUM

The separation and distribution agreement will provide that all intercompany receivables and payables as to which there are no third parties and that are between the Company or a Company

subsidiary, on the one hand, and YUM or a YUM subsidiary, on the other hand, other than accounts related to the agreements to be entered into in connection with the separation and post-separation agreements between YUM and the Company and other than any accrued liabilities incurred in connection with providing the services that will be memorialized by certain ancillary agreements, in each case existing as of immediately prior to the completion of the separation, will be settled, capitalized, cancelled, assigned or assumed by the Company or one or more Company subsidiaries.

Claims

In general, each party to the separation and distribution agreement will assume or retain liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Releases

The separation and distribution agreement will provide that the Company and YCCL, their subsidiaries and, to the extent permitted by law, all shareholders, directors, officers, agents or employees of the Company, YCCL or their subsidiaries will release and discharge YUM, its subsidiaries and shareholders, directors, officers, agents or employees of YUM or its subsidiaries from all Company Liabilities (as defined above), from all liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing before the distribution date, and from all liabilities arising from or in connection with the implementation of the separation, in each case to the extent relating to, arising out of or resulting from the Company's business, and except as expressly set forth in the separation and distribution agreement. YUM and, to the extent permitted by law, all shareholders, directors, officers, agents or employees YUM or its subsidiaries will release and discharge the Company, its subsidiaries and YCCL from all YUM Liabilities (as defined above) from all liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing before the distribution date, and from all liabilities arising from or in connection with the implementation of the separation, in each case to the extent relating to, arising out of or resulting from YUM's business, and except as expressly set forth in the separation and distribution agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include, but are not limited to, the separation and distribution agreement, the tax matters agreement, the employee matters agreement, the transition services agreement, the name license agreement and certain other agreements, including the master license agreement and the transfer documents in connection with the separation.

Indemnification

In the separation and distribution agreement, the Company and YCCL will agree to indemnify, defend and hold harmless YUM, each of its subsidiaries and each of their respective directors, officers, employees and agents, from and against all liabilities relating to, arising out of or resulting from:

- the Company Liabilities;
- the failure of the Company or any other person to pay, perform or otherwise promptly discharge any of the Company Liabilities, in accordance with their respective terms, whether prior to, at or after the distribution;
- specified litigation matters that relate to the Company business;
- any breach by the Company or any of its subsidiaries of the separation and distribution agreement or any of the ancillary agreements;

- except to the extent relating to a YUM Liability, any guarantee, indemnification or contribution obligation for the benefit of the Company or any of its subsidiaries by YUM or any of its subsidiaries that survives the distribution; and

- any untrue statement or alleged untrue statement or omission or alleged omission of material fact in the registration statement of which this Information Statement forms a part, or in this Information Statement (as amended or supplemented), except for any such statements made explicitly in YUM's name.

YUM agrees to indemnify, defend and hold harmless the Company and YCCL, each of its subsidiaries and each of their respective directors, officers, employees and agents from and against all liabilities relating to, arising out of or resulting from:

- the YUM Liabilities;

- the failure of YUM or any other person to pay, perform or otherwise promptly discharge any of the YUM Liabilities, in accordance with their respective terms whether prior to, at or after the distribution;

- specified litigation matters that relate to the YUM business;

- any breach by YUM or any of its subsidiaries of the separation and distribution agreement or any of the ancillary agreements;

- except to the extent relating to a Company Liability, any guarantee, indemnification or contribution obligation for the benefit of YUM or any of its subsidiaries by the Company or any of its subsidiaries that survives the distribution; and

- any untrue statement or alleged untrue statement or omission or alleged omission of a material fact with respect to statements made explicitly in YUM's name in the registration statement of which this Information Statement forms a part, or in this Information Statement (as amended or supplemented).

The separation and distribution agreement will also establish procedures with respect to claims subject to indemnification and related matters.

Intellectual Property

Following the distribution, YUM will continue to own the YUM, KFC, Pizza Hut and Taco Bell names and other intellectual property rights associated with such brands, and will license to the Company certain intellectual property rights, including use of the YUM, KFC, Pizza Hut and Taco Bell names for use in the Company business, pursuant to the master license agreement and the name license agreement, which are described below.

Insurance

The separation and distribution agreement will provide for the allocation between the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the distribution and sets forth procedures for the administration of insured claims.

Non-Solicitation

The separation and distribution agreement will contain a non-solicitation provision preventing each of YUM and the Company from soliciting certain of the other party's employees for twelve months from the distribution date, subject to certain exceptions, including, among others, for generalized solicitations that are not directed to employees of the other party and the solicitation of a person whose employment was terminated by the other party.

Further Assurances

In addition to the actions specifically provided for in the separation and distribution agreement, except as otherwise set forth therein or in any ancillary agreement, both the Company and YUM will agree in the separation and distribution agreement to use reasonable best efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation and distribution agreement and the ancillary agreements.

Dispute Resolution

The separation and distribution agreement will contain provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between the Company and YUM related to the separation or distribution and that are unable to be resolved by the transition committee. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims by escalation of the matter to executives of the Company and YUM. If such efforts are not successful, either the Company or YUM may submit the dispute, controversy or claim to nonbinding mediation or, if such nonbinding mediation is not successful, binding arbitration, subject to the provisions of the separation and distribution agreement.

Expenses

Except as expressly set forth in the separation and distribution agreement or in any ancillary agreement, all costs and expenses incurred in connection with the separation and distribution incurred prior to the distribution date, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the separation and distribution, will be paid by the party incurring such cost and expense. We anticipate that substantially all of the one-time costs of the separation will be borne by YUM.

Other Matters

Other matters governed by the separation and distribution agreement will include access to financial and other information, confidentiality, access to and provision of records, treatment of shared contracts, treatment of outstanding guarantees and similar credit support and management of certain litigation.

Termination

The separation and distribution agreement will provide that it may be terminated, and the separation and distribution may be modified or abandoned, at any time prior to the distribution date in the sole discretion of YUM without the approval of any person, including the Company's or YUM's shareholders. In the event of a termination of the separation and distribution agreement, no party, nor any of its affiliates, directors, officers or employees, will have any liability of any kind to the other party or any other person. After the distribution date, the separation and distribution agreement may not be terminated except by an agreement in writing signed by both YUM and the Company.

Tax Matters Agreement

In connection with the separation, the Company, YCCL and YUM will enter into a tax matters agreement that will govern our respective rights, responsibilities, and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings, and certain other matters regarding taxes.

Under the tax matters agreement, subject to certain exceptions, YUM generally will be liable for and indemnify us against all taxes attributable to the YUM business and we generally will be liable for and indemnify YUM against all taxes attributable to our business for all taxable periods, whether ending on, before or after the date of the distribution. YUM will also be liable for and indemnify us against pre-distribution taxes of certain non-China intermediate entities that will be part of our group. The tax matters agreement also addresses the allocation of liability for taxes that are incurred as a result of distribution or restructuring activities undertaken to effectuate the distribution. To the extent any Chinese indirect transfer tax pursuant to Bulletin 7 is imposed, such tax will be allocated between YUM and us in proportion to our respective share of the combined market capitalization of YUM and the Company during the thirty trading days after the distribution. In addition, we generally would be responsible for any tax imposed with respect to the distribution and related separation transactions resulting from our breach of certain covenants relating to actions or inactions that would be inconsistent with the intended tax-free treatment of the distribution and related separation transactions, and any U.S. tax imposed on YUM with respect to the distribution arising under Section 355(e) of the Code attributable to the stock of the Company.

The tax matters agreement generally provides that YUM is responsible for preparing and filing tax returns of YUM and its affiliates and we are responsible for preparing and filing tax returns of us and our affiliates, and that, for a specified period following the distribution, we shall not take positions on our tax returns inconsistent with past practices or that would adversely affect YUM. Generally, the party responsible for preparing and filing a tax return will also have the authority to control all tax proceedings, including tax audits, involving any taxes or adjustment to taxes reported on such tax return, except that YUM will have review and control rights over certain of our tax returns and related proceedings. The tax matters agreement further provides for cooperation between us and YUM with respect to tax matters, including the exchange of information and the retention of records.

Employee Matters Agreement

YUM and the Company will enter into an employee matters agreement ("EMA") prior to the separation and distribution. The EMA will allocate liabilities and responsibilities relating to employees, employment matters, compensation, benefit plans, and other related matters in connection with the separation and distribution, including the treatment of outstanding equity and incentive awards, both inside and outside of the United States.

Employee Benefits Generally

Employees of the businesses to be conducted by the Company or one of its subsidiaries after the separation and distribution (the "Company Business") are currently employed by the Company and such employees currently participate only in benefit plans and arrangements maintained by the Company (other than equity-based arrangements and certain executive compensation arrangements). Similarly, employees of the businesses to be conducted by YUM after the separation and distribution (the "YUM Business") are currently employed by YUM or one of its subsidiaries (other than the Company and its subsidiaries) and such employees currently participate only in benefit plans and arrangements maintained by YUM. It is anticipated that employees will remain employed by the same business before and after the separation and distribution. Based on the foregoing, the EMA generally provides that the Company will retain all liabilities relating to the employees and former employees of the Company Business and YUM will retain all liabilities relating to the employees and former employees of the YUM Business (other than equity-based arrangements and certain executive compensation arrangements discussed below). These liabilities include all liabilities relating to, arising out of or resulting from employment (or termination of employment) and all liabilities and obligations under and with respect to the employee benefit plans and arrangements that are maintained by the Company or YUM, as applicable, respectively. YUM, however, will retain limited liabilities accrued with respect to Company employees under YUM benefit plans through the date of the separation and

distribution, such as liabilities under qualified retirement plans and nonqualified deferred compensation plans prior to the separation and distribution.

Employees of the Company and its subsidiaries will not be eligible to participate in YUM benefit plans and arrangements for periods after the separation and distribution and employees of YUM and its subsidiaries will not be eligible to participate in Company benefit plans for periods after the separation and distribution.

The separation and distribution is not a change in control for purpose of any benefit plan, equity plan, employment agreement or other purpose. Therefore, it will not entitle employees to any change in control benefits.

Equity-Based Compensation and Certain Executive Compensation Arrangements

Unless otherwise specified and notwithstanding the general provisions of the EMA relating to allocation of liabilities between YUM and the Company, concurrently with the separation and distribution, holders of YUM equity-based awards (including stock options, SARs and RSUs) will generally receive awards with respect to Company stock and their YUM awards will be adjusted. All PSU awards will remain as awards with respect to YUM stock and will be adjusted to reflect the separation and distribution. To the extent applicable, the aggregate intrinsic value of the new Company awards and the adjusted YUM awards will not exceed the intrinsic value of the corresponding YUM equity-based award as measured immediately before the separation.

Except for the adjustments described above, all adjusted awards will remain subject to the same vesting conditions and other material terms and conditions that applied to the original YUM equity award immediately before the separation and distribution.

If local regulations outside the United States or the terms of any employment agreement do not permit use of the specified adjustment method, a compliant alternative adjustment method will be used.

Adjustments will also be made with respect to phantom equity awards under executive programs, such as the EID Program, to reflect the separation and distribution.

Master License Agreement

In connection with the separation, Yum! Restaurants Asia Pte. Ltd. ("YRAPL"), a wholly-owned indirect subsidiary of YUM, and Yum Restaurants Consulting (Shanghai) Company Limited ("YCCL"), a wholly-owned indirect subsidiary of the Company, will enter into a master license agreement. Under the master license agreement, YRAPL grants YCCL the exclusive right to use and sublicense the use of intellectual property owned by YUM and its subsidiaries for the operation of KFC, Pizza Hut Casual Dining, Pizza Hut Home Service, and Taco Bell restaurants in the People's Republic of China, excluding Hong Kong, Taiwan and Macau (the "territory") including related development, promotional and support activities. The master license agreement also gives YCCL a right of first refusal to develop and franchise in the territory certain other restaurant brands that YUM may later develop or acquire. KFC, Pizza Hut and Taco Bell are referred to in this section as the "brands" and each as a "brand."

Term

The term of the master license agreement expires on the 50th anniversary of the effective date of the agreement, but as long as YCCL is in "good standing," and unless YCCL gives notice of its intent not to renew, the agreement will be automatically renewed for an unlimited number of additional 50-year renewal terms.

Payments and Required Expenditures

YCCL must pay YRAPL a monthly license fee in an amount equal to 3% of net sales, from the operation of the KFC, Pizza Hut Casual Dining, Pizza Hut Home Service and Taco Bell restaurants in the territory by YCCL or its sublicensees and franchisees. YCCL must spend a specified minimum percentage of net sales to market, advertise and promote the brands and their products in the territory.

Guarantor

YCCL's obligations under the master license agreement are guaranteed by the Company.

Growth

To maintain its exclusivity, YCCL must meet certain benchmarks designed to measure growth of the brands in the territory. These benchmarks may vary by brand. In addition, YCCL must open a certain number of Taco Bell restaurants in the territory by December 31, 2022; if it does not, YCCL will lose its exclusivity with respect to the Taco Bell brand and YRAPL may terminate YCCL's right to develop new Taco Bell restaurants.

Non-Competition

The master license agreement restricts YCCL and its affiliates from engaging in a "competing business" in China and other countries in which YUM operates its brands during the term of the agreement and for twelve months following the expiration, termination or transfer of the agreement or an interest in the agreement. A "competing business" is (a) one that offers to consumers any food product that is similar to one offered by restaurants operating under the brands (like pizza, pasta, ready-to-eat chicken and Mexican-style food) and that accounts for more than 20% of all product revenues generated by the business either in the territory or in the world, and (b) certain businesses specifically identified in the master license agreement, which may be updated from time to time.

Brand Standards

YCCL must maintain, and cause its sublicensees to maintain, specified standards of quality and comply, and cause its sublicensees to comply, with certain brand standards set forth by YRAPL.

Transfer and Change of Control

YRAPL and its affiliates may transfer their interests in brand assets, the master license agreement, and their rights and obligations under the master license agreement (including those pertaining to a particular brand, which are separable under the master license agreement), with advance notice to (and for transfers to competitors after consultation with) YCCL, but without YCCL's consent, subject to the rights and obligations of YCCL under the master license agreement. The transfer by YCCL of its rights or obligations under the master license agreement or any sublicense agreement is subject to YRAPL's prior written consent. YRAPL may terminate the master license agreement or YCCL's rights as to a particular brand in the event of an unauthorized transfer. A change of control occurs if YCCL ceases to be a wholly-owned subsidiary of the Company and in any of the following circumstances: (i) substantially all of the assets of YCCL or the Company are transferred to a competitor; (ii) YCCL or the Company merge, or engage in any other business combination, with a competitor; (iii) 20% or more of the Company's outstanding capital stock or voting securities is owned by a competitor; and (iv) a competitor acquires the power to manage YCCL or the Company. A competitor is a person or entity engaged in a competing business (or an affiliate of such a person or entity). YRAPL may terminate the master license agreement or YCCL's rights as to a particular brand in the event of a change of control.

Termination

Except for the dissolution, liquidation, insolvency or bankruptcy of YCCL or the Company or upon the occurrence of an unauthorized transfer or change of control or other breach that YRAPL determines will not or cannot be cured, YCCL will have the right to cure any breach of the master license agreement. Upon the occurrence of a non-curable breach, YRAPL will have the right to terminate the master license agreement (or YCCL's rights to a particular brand) on delivery of written notice. Upon the occurrence of a curable breach, YRAPL will provide a notice of breach that sets forth a cure period that is reasonably tailored to the applicable breach. If YCCL does not cure the breach, YRAPL will have the right to terminate the master license agreement (or YCCL's rights to a particular brand). The master license agreement will also contemplate remedies other than termination that YRAPL may use as appropriate. These remedies include: actions for injunctive and/or declaratory relief (including specific performance) and/or damages; limitations on YCCL's future development rights or suspension of restaurant operations pending a cure; modification or elimination of YCCL's territorial exclusivity; and YRAPL's right to repurchase from YCCL the business operated under an affected brand at fair market value, less YRAPL's damages. YCCL may request an early termination of the master license agreement with respect to a particular brand if sales for that brand declined for five consecutive years and such decline was caused by YUM's failure to maintain that brand outside of the territory, which results in material, irreparable damages to that brand in the territory, or was proximately caused by a material adverse change in the applicable laws.

Indemnification

YCCL will indemnify YRAPL for certain claims including those related to the operation or franchise of the brands or restaurants in the territory, YCCL's actions prior to the separation, third party claims regarding use and license of the intellectual property in the territory and YCCL's breaches of its representations and warranties under the master license agreement.

Transition Services Agreement

In connection with the separation, YUM and the Company will enter into a transition services agreement pursuant to which YUM will provide to the Company, on an interim, transitional basis, various services. The services to be provided by YUM are expected to include, among other things, finance and information technology services, office space leasing and the secondment of certain personnel, and will generally be provided on an at-cost basis. In addition, the Company is expected to provide YUM certain promotional sourcing support on a cost basis. The transition services agreement has an initial term of one year.

The Company or YUM, as applicable, will generally have the right to terminate any or all of the services upon written notice to the other party.

Name License Agreement

In connection with the separation, we will enter into a name license agreement with YUM pursuant to which we will be granted a non-exclusive, non-transferable, non-sublicensable (except to certain Company subsidiaries) royalty-free license to use the name and mark "YUM" as part of the Company's name, domain name and stock identification symbol, subject to certain conditions. The name license agreement may be terminated by YUM in the event of, among other things, our material breach of the name license agreement, and it will automatically terminate concurrently with any termination of the master license agreement.

The Investment by the Investors

The following is a summary of the material terms and provisions of the investment agreements and shareholders agreement entered into with the Investors. The summaries of each of the agreements are

qualified in their entireties by reference to the full text of the applicable agreements, which are filed as Exhibits 4.3, 10.11 and 10.12, respectively, to the registration statement of which this Information Statement forms a part and are incorporated herein by reference.

The Investment Agreements

The Investment

On September 1, 2016, the Company and YUM entered into investment agreements with each of Pollos Investment L.P., an affiliate of Primavera Capital Group, whom we refer to as "Primavera," and API (Hong Kong) Investment Limited, an affiliate of Zhejiang Ant Small and Micro Financial Services Group Co., Ltd., whom we refer to as "Ant Financial." We refer to each of Primavera and Ant Financial as an "Investor" and collectively as the "Investors." Under the terms of the investment agreements, which are substantially on the same terms, immediately following the distribution, Primavera and Ant Financial will invest $410 million and $50 million, respectively, for shares of Company common stock representing an aggregate ownership of approximately 5% in the Company (or, after the adjustments following the closing of such investments, described below, between 4.3% and 5.9% in the Company) (such transactions, collectively referred to as the "Investment"). The closing of the Investment is expected to take place immediately following the distribution, except that the closing of Ant Financial's investment may take place at a later date (in accordance with the terms and conditions of the investment agreement with Ant Financial) in the event certain Chinese regulatory procedures with respect to Ant Financial's investment are not completed by such time.

Approximately 62 days following the distribution, the Investors and the Company will determine the volume weighted average trading price ("VWAP") per share of Company common stock over the trading days occurring in the 31- to 60-calendar day period following the distribution (we refer to such 31-60 day period as the "measurement period"), and will discount such VWAP by 8% (such discounted VWAP price per share, the "Adjusted VWAP Price Per Share"). The Adjusted VWAP Price Per Share is subject to a collar based on a valuation of the Company that ranges from $8.5 billion to $11.5 billion.

If the Adjusted VWAP Price Per Share exceeds or is less than the price per share paid by the Investors at the closing of the Investment, the Company will either repurchase at par value from, or issue a certain number of shares at par value to, the Investors. Each Investor will own, after the adjustment, the number of shares it would have owned if the price per share paid by such Investor at the closing of the Investment was the Adjusted VWAP Price Per Share. Depending on the Adjusted VWAP Price Per Share, after the adjustment, if any, Primavera and Ant Financial will own, in the aggregate, between 4.3% and 5.9% of the issued and outstanding shares of Company common stock.

Approximately 70 days after the distribution, the Investors will receive two tranches of warrants (together, the "warrants"). Upon exercise, the first tranche of warrants will provide the Investors with the right to purchase shares of Company common stock in the aggregate equal to an additional 2.0% of the Company's issued and outstanding common stock outstanding as of the time of the distribution (taking into account the shares previously issued to the Investors, as adjusted after the closing of the Investment). The second tranche of warrants will provide Primavera and Ant Financial with the right to purchase the same number of shares of Company common stock purchasable by Primavera and Ant Financial, respectively, under the first tranche of warrants. The strike price for the warrants will be based on Company equity values of $12 billion and $15 billion (for the first tranche and second tranche, respectively). The warrants will also contain customary anti-dilution protections.

We expect that Primavera and Ant Financial will collectively beneficially own between 4.3% and 5.9% of our common stock immediately following the distribution (as adjusted, and excluding shares issuable upon exercise of the warrants) or between 8.3% and 9.9% of our common stock including shares if both tranches of warrants are exercised.

Conditions to the Investment

Pursuant to the investment agreements, the completion of the Investment is subject to certain conditions, including, among other conditions, each party's performance of its covenants, the absence of any injunction or other legal prohibition on the closing of the Investment, the absence of a material adverse effect on the Company, and the accuracy of certain representations and warranties of the parties as of the time of the closing of the Investment (or, with respect to certain conditions of Ant Financial's investment, as of the closing of Primavera's investment if Ant Financial's investment takes place after the closing of Primavera's investment). The closing of Primavera's investment is not subject to any regulatory approvals or the closing of Ant Financial's investment. The closing of Ant Financial's investment is also subject to the closing of Primavera's investment and the completion of certain Chinese regulatory filings, including with the local equivalent agencies of the China (Shanghai) Pilot Free Trade Zone of each of the PRC Ministry of Commerce and the PRC National Development and Reform Commission.

Representations and Warranties

The investment agreements contain customary representations and warranties made by the Investors to the Company and YUM, and customary representations and warranties made by the Company and YUM to the Investors.

Indemnification

Certain fundamental representations and warranties of the Company and YUM will survive until the second anniversary of the closing of the Investment. Certain other representations made by the Company related to the Company's financial statements and the accuracy of the information contained in the registration statement on Form 10 of which this Information Statement forms a part survive until 12 months after the closing of the Investment. Under the terms of the investment agreements, YUM will indemnify the Investors with respect to actual losses that arise from misrepresentations or breaches of fundamental representations of the Company and YUM related to corporate organization and authority, organizational documents, capital structure and no conflicts.

The Company has agreed to indemnify the Investors for losses incurred as a result of any misrepresentation or breach of its representations related to brokers or finders, the Company's financial statements and the accuracy of the information contained in the registration statement on Form 10 of which this Information Statement forms a part, subject, in the case of Primavera, to a deductible equal to $2.05 million and overall cap equal to $61.5 million and, in the case of Ant Financial, to a deductible equal to $250,000 and an overall cap of $7.5 million.

Covenants

Each party has undertaken to comply with certain covenants concerning the Investment, and YUM and the Company have also agreed to use commercially reasonable efforts to conduct the China business in the ordinary course consistent with past practice during the period between the execution of the investment agreements and the closing of the Investment. YUM and the Company have also agreed to use commercially reasonable efforts to maintain the Company's material licenses and permits, to keep available the services of the current officers and other key employees of the China business and to preserve their relationships with key customers and suppliers of the China business. In addition, YUM and the Company have agreed not to (and to cause their respective subsidiaries not to), subject to certain exceptions, take any of the following actions between the signing of the investment agreements and the closing of the Investment without the prior written consent of the Investors:

- amend the Company's organizational documents;
- transfer any material properties or assets of the China business;

- declare, set aside, make or pay any dividends in excess of $183 million;
- issue additional shares of Company common stock, options, warrants or other convertible securities, other than in connection with the Investment and the settlement of awards issued under the Company's benefit plans prior to closing;
- make any material acquisition of businesses or assets;
- incur any material indebtedness;
- engage in a new line of business material to the Company or our subsidiaries, taken as a whole;
- fail to maintain sufficient working capital required to operate the business of the Company consistent with past practice;
- enter into or amend any related party agreement;
- make any material amendment or modification to any of the transaction agreements relating to the distribution; or
- authorize or agree to take any of the foregoing actions.

From and after the time that Primavera's investment closes, the covenants described above will terminate, even if Ant Financial's investment has not yet been completed.

Expenses

Except as otherwise provided in the investment agreements, all fees and expenses incurred in connection with the preparation and negotiation of the investment agreements and the consummation of the transactions contemplated by the investment agreements are to be paid by the party or parties, as applicable, incurring such expenses.

Termination

Each respective investment agreement may be terminated at any time prior to the closing of the Investment:

- by the mutual written consent of YUM and the Investor;
- by either YUM or the Investor if the Investment has not been closed on or before March 31, 2017, provided that the terminating party's breach of any obligation under the investment agreement is not primarily the cause of the Investment not being completed by such date; or
- by YUM if the Investor materially breaches any representation, warranty, covenant or agreement such that the Investor's conditions to close would not be satisfied, provided that YUM is not in material breach of any of its representations, warranties, covenants or agreements under the investment agreement;
- by the Investor if YUM materially breaches any representation, warranty, covenant or agreement such that YUM's conditions to close would not be satisfied, provided that the Investor is not in material breach of any of its representations, warranties, covenants or agreements under the investment agreement; or
- by the Investor if any event, change, circumstance or development that individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the Company has occurred and is continuing.

In addition, YUM may terminate the investment agreement with Ant Financial if (i) the closing of Primavera's investment has occurred but the closing of Ant Financial's investment has not occurred (other than solely because of Ant Financial's failure to receive required regulatory approvals) or (ii) the

closing of Ant Financial's investment has not occurred prior to the end of the measurement period. Further, the investment agreements automatically terminate if, prior to the time at which the distribution occurs, YUM publicly announces that the distribution has been abandoned.

In the event of termination, the applicable investment agreement will become void, and no party will have any liability or obligation under the investment agreement, except for any liability arising from such party's willful and intentional breach of the investment agreement prior to such termination.

The Shareholders Agreement

At the closing of the Investment, the Company and the Investors will enter into a shareholders agreement. If Ant Financial's investment does not close at the same time as Primavera's investment, Ant Financial will become a party to the shareholders agreement at the closing of its investment.

Board Designation Rights

After the closing of the Investment, and for so long as Primavera beneficially owns at least 50% of the number of shares of Company common stock it owns immediately following the closing of the Investment (as if the adjustments, if any, were completed at the closing) (the "Primavera shareholding requirement"), Primavera will be entitled to designate one member of the Company board of directors and one non-voting board observer. Under the terms of the shareholders agreement, Dr. Fred Hu is to be Primavera's board designee (and the initial chairman of our board of directors), unless he becomes unable to serve due to death, disability, incapacity or retirement or is no longer employed by Primavera or any of its affiliates. The Company will be required to take all actions necessary to provide that Dr. Hu is initially appointed as a Class III director and, in connection with any future election of directors at any annual meeting of stockholders, the Company will be required to take all actions necessary to provide that Dr. Hu is nominated for election or re-election (including by using substantially the same level of efforts and providing no less than substantially the same level of support as is used and/or provided for the other director nominees of the Company with respect to the applicable meeting of stockholders). In addition, at any time after six months following the distribution, Primavera may request that the Company increase the size of the board of directors and nominate a second Primavera board designee at the next annual meeting of stockholders. Primavera will not be entitled to designate a non-voting board observer for so long as two or more of Primavera designees are members of the Company board of directors.

Any replacement Primavera board designee must qualify as an "independent" director, be otherwise reasonably acceptable to the Company's board of directors and not engaged in a competing business. Primavera's designation right will cease at such time that (i) the Primavera shareholding requirement is no longer met or (ii) Primavera or any of its affiliates becomes engaged in a competing business or has beneficial ownership in any person engaged in a competing business (subject to a de minimis 5% beneficial ownership exemption).

For so long as Ant Financial beneficially owns at least 50% of the number of shares of Company common stock it owns immediately following the closing of the Investment (as if the adjustments, if any, were completed at the closing), Ant Financial will also have the right to appoint one non-voting board observer. If the Primavera shareholding requirement ceases to be met, then Ant Financial will lose its right to designate a board observer on the date that is three years following the date on which the Primavera shareholding requirement ceases to be met (unless earlier terminated). In addition, Ant Financial will lose its right to appoint a board observer if Ant Financial or any of its affiliates becomes engaged in a competing business or has beneficial ownership in any person engaged in a competing business (subject to a de minimis 5% beneficial ownership exemption).

Board observers must be reasonably acceptable to the Company's board of directors, cannot be engaged in a competing business, must enter into a customary confidentiality agreement with the Company and are subject to various standards and guidelines applicable to Company board of director

members generally, including insider trading policies. Board observers are not entitled to compensation or reimbursement of any fees, costs or expenses from the Company.

Share Repurchases

Under the terms of the shareholders agreement, the Company is prohibited from engaging in or announcing any repurchases of the Company's common stock until the expiration of the measurement period.

Transfer Restrictions

The Investors are generally prohibited from transferring their shares of Company common stock, warrants and any shares obtained as a result of the exercise of a warrant owned by the Investors during the first year following the distribution, except for certain permitted transfers, including:

- to affiliates;
- in connection with an acquisition transaction approved by the Company's board of directors;
- in connection with the post-closing share adjustments set forth in the investment agreements;
- to participate in a tender or exchange offer commenced by the Company;
- permitted pledges as collateral for a loan or hedge (and transfers relating thereto); or
- to satisfy a margin call or repay a permitted loan (under which the shares of Company common stock, warrants and/or warrant shares acquired by Primavera have been pledged as collateral) or to avoid a margin call on a permitted loan that is reasonably likely to occur through no fault of the Investor or its affiliates.

In addition, if, at any time after six months following the distribution, the volume weighted average price per share of Company common stock trades below 70% of the Adjusted VWAP Price Per Share for a period of 10 consecutive trading days, the transfer restrictions will terminate with respect to the warrants and warrant shares.

Standstill

The Investors will generally be subject to a standstill provision prohibiting the Investors and their affiliates from having, in the aggregate, more than 19.9% beneficial ownership of the Company's voting stock, engaging in a takeover transaction, acquiring any debt securities of the Company, soliciting proxies or otherwise seeking control of the Company's board of directors. The standstill remains in place until six months after the date on which there is no Primavera board designee on the Company's board of directors, and Primavera either no longer has the right to designate a director or has irrevocably waived any such rights in writing, or if there is a change of control of the Company.

Information Access Rights

For so long as Primavera has the right to designate a director to the Company's board of directors, in the case of Primavera, and for so long as Ant Financial has the right to appoint a board observer, in the case of Ant Financial, the Company will provide the Investors with monthly, quarterly and annual financial statements of the Company (to the extent such statements are not publicly available on EDGAR), and the Investors have the right to meet with senior management members of the Company a maximum of four times per year.

Registration Rights

The Investors will have customary registration rights from and after the first year anniversary of the distribution, including demand registration rights (four total and no more than two per year) and

piggyback registration rights. The Company, upon request from the Investors, will be required to file a shelf registration statement with the SEC and use commercially reasonable efforts to cause the shelf registration statement to become effective (and to remain effective for five years, or if earlier, until the securities covered by the shelf registration statement have been sold or until the Investors no longer hold at least 2% of Company common stock). The Investors will be entitled to assign their registration rights to a transferee in a permitted transfer, and any rights and obligations under the shareholders agreement to any of their respective affiliates.

Termination

The shareholders agreement remains in effect until the earliest of (i) termination by the parties or their respective successors-in-interest, (ii) the date on which neither Investor holds any shares of, or any other securities of the Company exchangeable, convertible or exercisable for shares of Company common stock, (iii) a change of control or (iv) the dissolution, liquidation or winding up of the Company.

Other Related Person Transactions

We may enter into commercial transactions with entities for which our expected executive officers or directors serve as directors and/or executive officers in the ordinary course of our business. All of these transactions will be approved under our policy for approval of related person transactions described below.

Procedures for Approval of Related Person Transactions

The YUM board of directors has adopted policies and procedures for the review of related person transactions and the Company expects to adopt policies and procedures substantially similar to those in effect at YUM. The Company expects that its Audit Committee will review 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 $120,000 to determine if such transactions, arrangements or relationships are in the best interests of the Company's stockholders and the Company. Any member of the Audit Committee who is a related person with respect to a transaction, arrangement relationship under review will not participate in the deliberation or vote respecting approval or ratification of such transaction, arrangement or relationship.

Related persons are directors, director nominees, executive officers, holders of 5% or more of the Company's common stock and their immediate family members. Immediate family members are spouses, parents, stepparents, children, stepchildren, siblings, daughters-in-law, sons-in-law, mothers-and fathers-in-law, brothers- and sisters-in-law and any person, other than a tenant or employee, who resides in the household of a director, director nominee, executive officer or holder of 5% or more of the Company common stock, and any person who was a related person since the beginning of the last fiscal year, even if he or she no longer serves in that position.

After its review, the Audit Committee will consider whether to approve or ratify the transaction.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the distribution, all of the outstanding shares of the Company's common stock will be owned beneficially and of record by YUM. Immediately following the distribution, the Company expects to have outstanding an aggregate of approximately [·] shares of common stock based upon the number of shares of YUM common stock outstanding on [·], 2016, assuming no subsequent exercise of YUM stock awards, and applying the distribution ratio. Yum will not own any shares of the Company's common stock following the distribution.

The following table sets forth information concerning the expected beneficial ownership of our common stock following the distribution by:

- holders of more than 5% of YUM's outstanding shares of common stock as of [·], 2016;
- each of our expected directors;
- each of our named executive officers; and
- all of our expected directors and executive officers as a group.

The information provided in the table is based on our records, information filed with the SEC and information provided to us, except where otherwise noted. The information is intended to estimate the expected beneficial ownership of our common stock immediately following the distribution, calculated as of [·], 2016, and based upon the distribution of [·] share[s] of Company common stock for each share of YUM common stock. To the extent the expected directors and executive officers own YUM stock as of 5:00 p.m., Eastern Time, on [·], 2016, or the record date for the distribution, they will participate in the distribution on the same terms as other holders of YUM common stock.

The address of each expected director and named executive officer shown in the table below is c/o Yum China Holdings, Inc., [·].

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
*Persons with over 5% of Outstanding Shares**(1)***		
Vanguard 100 Vanguard Blvd. Malvern, PA 19355	[ ]	6.31%
Blackrock Inc. 55 East 52nd Street New York, NY 10055	[ ]	5.1%
Corvex Management, LP 667 Madison Ave. New York, NY 10065	[ ]	5.0%
Expected Executive Officers		
Micky Pant	[ ]	[ ]%
Ted Stedem	[ ]	[ ]%
Joey Wat	[ ]	[ ]%
Peter Kao	[ ]	[ ]%
Mark Chu	[ ]	[ ]%
Shella Ng	[ ]	[ ]%
Danny Tan	[ ]	[ ]%
Christabel Lo	[ ]	[ ]%
Sunny Sun	[ ]	[ ]%
Johnson Huang	[ ]	[ ]%
Ted Lee	[ ]	[ ]%
Jeff Kuai	[ ]	[ ]%
Angela Ai	[ ]	[ ]%
Alice Wang	[ ]	[ ]%
Paul Hill	[ ]	[ ]%
Expected Non-Employee Directors		
Peter A. Bassi	[ ]	[ ]%
Christian L. Campbell	[ ]	[ ]%
Ed Yiu-Cheong Chan	[ ]	[ ]%
Edouard Ettedgui	[ ]	[ ]%
Louis T. Hsieh	[ ]	[ ]%
Fred Hu	[ ]	[ ]%
Jonathan S. Linen	[ ]	[ ]%
Zili Shao	[ ]	[ ]%
Expected directors and executive officers as a group	[ ]	[ ]%

(1) This information is presented as of December 31, 2015, and reflects ownership of YUM shares (based on a stock ownership report on Schedule 13G filed by such shareholders with the SEC and provided to YUM).

THE SEPARATION AND DISTRIBUTION

Overview

On October 20, 2015, YUM announced that it intended to separate into two publicly traded companies: one comprising YUM's world-class operations in China and one that will comprise YUM's remaining operations around the world, which will continue to do business as YUM and retain YUM's current logo. YUM announced that it intends to effect the separation through a pro rata distribution of common stock of a new entity, which is the Company, formed to hold the assets and liabilities associated with the China business.

On [·], 2016, the YUM board of directors approved the distribution of the issued and outstanding shares of Company common stock on the basis of [·] share[s] of Company common stock for each share of YUM common stock held as of 5:00 p.m., Eastern Time, on the record date of [·], 2016. The distribution of Company common stock as described in this Information Statement is subject to the satisfaction or waiver of certain conditions. We cannot provide any assurances YUM will complete the distribution. For a more detailed description of these conditions, see "Conditions to the Distribution," below.

Reasons for the Separation

YUM's board of directors and management believes that the creation of two independent public companies, with the Company operating the China business, and YUM operating its remaining businesses (including franchising) throughout the rest of the world, is in the best interests of YUM and its shareholders and approved the plan of separation. A wide variety of factors were considered by YUM's board of directors in evaluating the creation of two independent public companies. In arriving at the decision to approve the separation, YUM's board of directors and management evaluated a number of strategic alternatives to the separation, including a sale of the entirety of the China business and maintaining the existing business structure of YUM. Given the divergence in the business models of YUM and YUM's China business, YUM's board of directors determined that a separation of the businesses could improve each company's performance and create more focused investment opportunities for shareholders, and that the proposed separation could accomplish this goal in the most straightforward and tax-efficient manner available. YUM's board of directors considered the potential disadvantages of a separation, including that execution of the proposed separation will require significant time and attention from YUM management, that the separation is complex in nature and may be affected by unanticipated developments, and that YUM may experience difficulties in attracting, retaining, and motivating key employees during the pendency of the separation. Ultimately, however, YUM's board of directors concluded that the expected benefits associated with the proposed separation outweighed the potential disadvantages. Among other things, the YUM board of directors considered the following expected benefits:

- *Enhanced strategic and management focus.* The separation will allow each company to focus on and more effectively pursue its own distinct operating priorities and strategies, and will enable the management of each company to concentrate efforts on the unique needs of each business and pursue distinct opportunities for long-term growth and profitability. Specifically, YUM will pursue its strategy of developing its brands and expanding its franchise operations globally outside of China and expects to own less than 4% of the restaurants within its system by the end of 2017. The Company, on the other hand, will pursue its strategy of owning and operating restaurants in China and plans to own and operate a substantial majority of its restaurants in China;

- *More efficient allocation of capital.* The separation will permit each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in

its business in a time and manner appropriate for its distinct strategy and business needs and facilitating a more efficient allocation of capital;

- *Alignment of incentives with performance objectives.* The separation will facilitate incentive compensation arrangements for employees more directly tied to the performance of the relevant company's business, and may enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives;

- *Direct access to capital markets.* The separation will create an independent equity structure that will afford the Company direct access to capital markets and facilitate the ability of the Company to capitalize on its unique growth opportunities and effect future acquisitions utilizing its common stock;

- *Investor choice.* The separation will allow investors to separately value YUM and the Company based on their unique investment identities, including the merits, performance and future prospects of their respective businesses. The separation will also provide investors with two distinct and targeted investment opportunities; and

- *Optimized Capital Structure.* By the end of 2017, we expect that at least 96% of the restaurants within YUM's system will be owned and operated by franchisees or licensees from which YUM will receive an ongoing royalty fee. These restaurants will be spread across nearly 140 countries and territories worldwide. This diversified royalty stream is expected to decrease the volatility of YUM's earnings as the royalty is not dependent upon restaurant margin performance. YUM believes this lower volatility will enable YUM to borrow at lower interest rates than would otherwise be available if its earnings were more volatile and return significant capital to its shareholders through share repurchases and dividends.

Neither the Company nor YUM can assure you that, following the separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

Risks Associated with the Company and the Separation

YUM's board of directors also considered the following potentially negative factors in evaluating the separation:

- *Risks related to the loss of certain benefits associated with unified corporate structure.* Currently, YUM and the Company derive certain benefits from operating within a unified corporate structure. Such benefits may include sharing of general and administrative expenses, which will no longer occur following the separation, and the coordination of global best practices, which may be more limited following the separation.

- *One-time separation costs.* The planning, evaluation, and implementation of the separation will result in significant costs, which are expected to amount to approximately $60 million.

- *Increased operational costs.* As a newly-formed public company, the Company will have increased operating costs. The primary items that are currently provided by YUM that will need to be duplicated by the Company subsequent to the separation relate to additional management and governance obligations associated with being an independent public company. Our current estimate of annual costs that will be incurred by the Company in connection with public company management and governance is approximately $20 million. The Company has included corporate allocations in the Combined Statements of Income of $12 million, $11 million and $12 million for 2015, 2014 and 2013, respectively.

- *Uncertain benefits.* There is a risk of not realizing the anticipated benefits of the separation.

- *Risk Relating to China Tax.* The separation could result in one-time and/or on-going material Chinese tax detriments to the Company. For example, if the Company is classified as a Chinese resident enterprise for Chinese enterprise income tax purposes such classification would likely result in unfavorable tax consequences to the Company and our non-Chinese stockholders. In addition, if the separation is deemed by Chinese tax authorities to constitute an indirect transfer subject to Bulletin 7, gains derived from such transfer may be subject to Chinese enterprise income tax, resulting in a significant China tax liability for YUM for a portion of which the Company and YCCL would have an indemnification obligation under the tax matters agreement.

- *Risks relating to U.S. tax.* If the IRS were successful in taking the position that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes under Sections 355 or 361 of the Code, the Company and YUM shareholders could be subject to significant U.S. federal income tax liability.

After considering these potentially negative factors, YUM's board of directors concluded that the potential benefits from the separation outweighed these factors.

Formation of a New Company Prior to the Company's Distribution

The Company was formed in Delaware on April 1, 2016, for the purpose of holding YUM's China business. YUM's China business is currently operated primarily through two indirect subsidiaries of YUM, Yum Restaurants Consulting (Shanghai) Company Limited and Yum Restaurants (China) Investment Company Limited (together, the "China Subsidiaries"). As part of the plan to separate the China business from the remainder of YUM's business, and as provided in the separation and distribution agreement, YUM has transfered the equity interests of the holding companies through which YUM owns the China Subsidiaries as well as any related assets and liabilities of the China business to the Company.

When and How You Will Receive Shares in the Distribution

With the assistance of the distribution agent, YUM expects to distribute Company common stock at [·], Eastern Time, on the distribution date, to all holders of outstanding YUM common stock as of 5:00 p.m., Eastern Time, on [·], 2016, the record date for the distribution. The distribution agent will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for Company common stock following the distribution.

If you own shares of YUM common stock as of 5:00 p.m., Eastern Time, on the record date for the distribution, Company common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, the distribution agent will then mail you a direct registration account statement that reflects your shares of Company common stock. If you hold your shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in this distribution. If you sell YUM common stock in the "regular-way" market up to and including the distribution date, you will be selling your right to receive shares of Company common stock in the distribution.

Commencing on or shortly after the distribution date, if you hold physical stock certificates that represent your shares of YUM common stock and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of Company common stock that have been registered in book-entry form in your name.

Most YUM shareholders hold their shares of common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your shares of YUM common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Company common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," please contact your bank or brokerage firm.

Transferability of Shares You Receive

Shares of Company common stock distributed to holders in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be Company affiliates. Persons who may be deemed to be Company affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with the Company, which may include certain Company executive officers, directors or principal stockholders. Securities held by Company affiliates will be subject to resale restrictions under the Securities Act. Company affiliates will be permitted to sell shares of Company common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Number of Shares of Company Common Stock You Will Receive

For each share of YUM common stock that you own as of 5:00 p.m., Eastern Time, on [·], 2016, the record date for the distribution, you will receive [·] share[s] of Company common stock on the distribution date. YUM will not distribute any fractional shares of Company common stock to its shareholders. Instead, if you would otherwise be entitled to receive a fractional share of Company common stock, [the distribution agent] will aggregate such fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by YUM or the Company, will determine when, how, and through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either YUM or the Company. [The distribution agent] is not an affiliate of either YUM or the Company. Neither the Company nor YUM will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares, if any, will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The aggregate net cash proceeds of any sales of fractional shares will be taxable for U.S. federal income tax purposes. See "Material U.S. Federal Income Tax Consequences" for an explanation of the material U.S. federal income tax consequences of the distribution. If you hold physical certificates for shares of YUM common stock and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. The Company estimates that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your shares of YUM common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

Results of the Distribution

After the distribution, the Company will be an independent, publicly traded company. The actual number of shares to be distributed will be determined at 5:00 p.m., Eastern Time, on [·], 2016, the

record date for the distribution, and will reflect any exercise of YUM options between the date the YUM board of directors declares the distribution and the record date for the distribution. The distribution will not affect the number of outstanding shares of YUM common stock or any rights of YUM shareholders. YUM will not distribute any fractional shares of Company common stock.

The Company will enter into a separation and distribution agreement and will enter into other related agreements with YUM before the distribution to effect the separation and provide a framework for the Company's relationship with YUM after the separation. These agreements will provide for the allocation between YUM and the Company of assets, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities). For a more detailed description of these agreements, see "Certain Relationships and Related Person Transactions."

Market for the Company's Common Stock

There is currently no public trading market for the Company's common stock. The Company intends to file an application to have its common stock authorized for listing on the New York Stock Exchange under the symbol "YUMC." The Company has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

The Company cannot predict the price at which its common stock will trade after the distribution. The combined trading prices, after the separation, of a share of Company common stock that a YUM shareholder will receive in the distribution and a share of YUM common stock held as of 5:00 p.m., Eastern Time, on the record date for the distribution may not equal the "regular-way" trading price of a share of YUM common stock immediately prior to the distribution. The price at which the Company common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Company common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors—Risks Related to Our Common Stock."

Trading between the Record Date and Distribution Date

Beginning on or shortly before the record date for the distribution and continuing up to and including through the distribution date, YUM expects that there will be two markets in YUM common stock: a "regular-way" market and an "ex-distribution" market. Shares of YUM common stock that trade on the "regular-way" market will trade with an entitlement to Company common stock distributed pursuant to the distribution. Shares of YUM common stock that trade on the "ex-distribution" market will trade without an entitlement to Company common stock distributed pursuant to the distribution. Therefore, if you sell shares of YUM common stock in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive Company common stock in the distribution. If you own shares of YUM common stock as of 5:00 p.m., Eastern Time, on the record date and sell those shares on the "ex-distribution" market up to and including through the distribution date, you will receive the shares of Company common stock that you are entitled to receive pursuant to your ownership as of 5:00 p.m., Eastern Time, on the record date of the shares of YUM common stock.

Furthermore, beginning on or shortly before the record date for the distribution and continuing up to and including the distribution date, the Company expects that there will be a "when-issued" market in its common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for shares of Company common stock that will be distributed to holders of shares of YUM common stock on the distribution date. If you owned shares of YUM common stock as of 5:00 p.m., Eastern Time, on the record date for the distribution, you would be entitled to shares of Company common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Company common stock, without the shares of YUM common stock you own, on the "when-issued" market, but

your transaction will not settle until after the distribution date. On the first trading day following the distribution date, "when-issued" trading with respect to Company common stock will end, and "regular-way" trading will begin.

Conditions to the Distribution

The distribution is subject to final approval by the board of directors of YUM, as well as to a number of conditions, including:

- the transfer of assets and liabilities to the Company in accordance with the separation and distribution agreement will have been completed, other than assets and liabilities intended to be transferred after the distribution;
- receipt of (A) an opinion of each of Mayer Brown LLP and PricewaterhouseCoopers LLP, regarding the qualification of the distribution as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 361 of the Code and (B) one (1) or more opinions of YUM's external tax advisors, in each case satisfactory to YUM's board of directors, regarding certain other tax matters relating to the distribution and related transactions;
- the SEC will have declared effective the registration statement of which this Information Statement forms a part, no stop order suspending the effectiveness of the registration statement will be in effect and no proceedings for such purpose will be pending before or threatened by the SEC;
- this Information Statement shall have been made available to the YUM shareholders;
- all actions or filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws will have been taken and, where applicable, have become effective or been accepted by the applicable governmental entity;
- any approvals of any governmental entities required for the consummation of the separation and distribution will have been obtained;
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions will be in effect;
- the shares of Company common stock to be distributed will have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;
- the receipt of an opinion from an independent advisory firm confirming the solvency and financial viability of each of the Company and YUM after the distribution that is in form and substance acceptable to YUM in its sole discretion; and
- no other event or development will have occurred or exist that, in the judgment of YUM's board of directors, in its sole discretion, makes it inadvisable to effect the separation, the distribution or the other related transactions.

YUM and the Company cannot assure you that any or all of these conditions will be met. YUM will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution and the distribution date and the distribution ratio. YUM will also have sole discretion to waive any of the conditions to the distribution. YUM does not intend to notify its shareholders of any modifications to the terms of the separation that, in the judgment of its board of directors, are not material. For example, the YUM board of directors might consider material such matters as significant changes to the distribution ratio, the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the YUM board of directors determines that any

modifications by YUM materially change the material terms of the distribution, YUM will notify YUM shareholders in a manner reasonably calculated to inform them about such modifications as may be required by law, by, for example, publishing a press release, filing a Current Report on Form 8-K, or circulating a supplement to this Information Statement.

Costs of Separation

We estimate that the one-time cash costs of the separation will be approximately $60 million, and we anticipate that substantially all of such one-time costs will be borne by YUM. Following the separation, in general, YUM and the Company will be responsible for the costs incurred by YUM or the Company, as applicable (which, in the case of the Company, will include costs incurred in connection with the transition to being an independent public company).

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of material U.S. federal income tax consequences of the distribution by YUM of all of the outstanding shares of Company common stock to "U.S. holders" (defined below) of YUM common stock. This summary is based on the Code, U.S. Treasury Regulations promulgated thereunder, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, all as in effect on the date of this Information Statement, and all of which are subject to differing interpretation and change at any time, possibly with retroactive effect. This summary applies only to U.S. holders of shares of YUM common stock who hold such shares as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary is based upon the assumption that the distribution, together with certain related transactions, will be consummated in accordance with the separation and distribution agreement and other applicable agreements and as described in this Information Statement. This summary is for general information only and is not tax advice. It does not discuss all aspects of U.S. federal income taxation that may be relevant to particular holders in light of their particular circumstances or to holders subject to special rules under the Code (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, partners in partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes) that hold YUM common stock, pass-through entities (or investors therein), traders in securities who elect to apply a mark-to-market method of accounting, shareholders who hold YUM common stock as part of a "hedge," "straddle," "conversion," "synthetic security," "integrated investment" or "constructive sale transaction," individuals who receive YUM or Company common stock upon the exercise of employee stock options or otherwise as compensation, holders who are liable for the alternative minimum tax or any holders who actually or constructively own 5% or more of YUM common stock). This summary also does not address any tax consequences arising under the unearned Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, nor does it address any tax considerations under state, local or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax. The distribution may be taxable under such other tax laws and all holders should consult their own tax advisors with respect to the applicability and effect of any such tax laws.

If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds YUM common stock, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. Holders of YUM common stock that are partnerships and partners in such partnerships should consult their own tax advisors about the U.S. federal income tax consequences of the distribution.

For purposes of this summary, a "U.S. holder" is any beneficial owner of YUM common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or a trust, (i) if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (ii) that has a valid election in place under applicable Treasury Regulations to be treated as a United States person.

It is a condition to the distribution that YUM receive (i) an opinion of each of Mayer Brown LLP and PricewaterhouseCoopers LLP, satisfactory to YUM's board of directors, regarding the qualification

of the distribution as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 361 of the Code and (ii) one or more opinions of YUM's external tax advisors, in each case satisfactory to YUM's board of directors, regarding certain other tax matters relating to the distribution and related transactions. Any opinions of outside counsel or other advisors will be based, among other things, on various facts and assumptions, as well as certain representations, statements and undertakings of YUM and the Company (including those relating to the past and future conduct of YUM and the Company). If any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if YUM or the Company breaches any of their respective covenants relating to the separation, the conclusions reached in the tax opinions may be incorrect. Accordingly, notwithstanding receipt of the opinions of counsel or other advisors, the IRS could determine that the distribution and certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the facts, assumptions, representations, statements or undertakings on which any opinion was based are false or have been violated. In addition, an opinion of outside counsel or other external tax advisor represents the judgment of such counsel or other advisor, which is not binding on the IRS or any court. Accordingly, notwithstanding receipt by YUM of the tax opinions referred to above, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, YUM, the Company and YUM shareholders could be subject to significant U.S. federal income tax liability. See "—Material U.S. Federal Income Tax Consequences if the Distribution is Taxable" below.

Material U.S. Federal Income Tax Consequences if the Distribution Qualifies as a Transaction that is Generally Tax-Free Under Sections 355 and 361 of the Code

Assuming the distribution qualifies as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 361 of the Code, the U.S. federal income tax consequences of the distribution generally are as follows:

- subject to the discussion below regarding Section 355(e) of the Code, neither the Company nor YUM will recognize any gain or loss upon the distribution of Company common stock and no amount will be includable in the income of YUM or the Company as a result of the distribution other than taxable income or gain possibly arising out of internal reorganizations undertaken in connection with the separation and distribution and with respect to any items required to be taken into account under U.S. Treasury regulations relating to consolidated federal income tax returns;

- a YUM shareholder will not recognize any gain or loss and no amount will be includable in income as a result of the receipt of Company common stock pursuant to the distribution, except with respect to any cash received in lieu of fractional shares of Company common stock (as described below);

- a YUM shareholder's aggregate tax basis in such shareholder's shares of YUM common stock following the distribution and in Company common stock received in the distribution (including any fractional share interest in Company common stock for which cash is received) will equal such shareholder's tax basis in its YUM common stock immediately before the distribution, allocated between the YUM common stock and Company common stock (including any fractional share interest in Company common stock for which cash is received) in proportion to their relative fair market values on the distribution date;

- a YUM shareholder's holding period for Company common stock received in the distribution (including any fractional share interest in Company common stock for which cash is received) will include the holding period for that shareholder's YUM common stock; and

- a YUM shareholder who receives cash in lieu of a fractional share of Company common stock in the distribution will be treated as having sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the YUM shareholder's adjusted tax basis in the fractional share. That gain or loss will be long-term capital gain or loss if the shareholder's holding period for its YUM common stock exceeds one year at the time of the distribution.

U.S. Treasury regulations provide that if a YUM shareholder holds different blocks of YUM common stock (generally YUM common stock purchased or acquired on different dates or at different prices), the aggregate basis for each block of YUM common stock will be allocated, to the greatest extent possible, between the shares of Company common stock received in the distribution in respect of such block of YUM common stock and such block of YUM common stock, in proportion to their respective fair market values on the distribution date. The holding period of the shares of Company common stock received in the distribution in respect of such block of YUM common stock will include the holding period of such block of YUM common stock. If a YUM shareholder is not able to identify which particular shares of Company common stock are received in the distribution with respect to a particular block of YUM common stock, for purposes of applying the rules described above, the stockholder may designate which shares of Company common stock are received in the distribution in respect of a particular block of YUM common stock, provided that such designation is consistent with the terms of the distribution. YUM shareholders are urged to consult their own tax advisors regarding the application of these rules to their particular circumstances.

Material U.S. Federal Income Tax Consequences if the Distribution is Taxable

As discussed above, notwithstanding receipt by YUM of opinions of counsel, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, the consequences described above would not apply and YUM, the Company and YUM shareholders could be subject to significant U.S. federal income tax liability. In addition, certain events that may or may not be within the control of YUM or the Company could cause the distribution to not qualify for tax-free treatment for U.S. federal income tax purposes. Depending on the circumstances, the Company may be required to indemnify YUM for taxes (and certain related losses) resulting from the distribution not qualifying as tax-free for U.S. federal income tax purposes.

If the distribution fails to qualify as a tax-free transaction for U.S. federal income tax purposes, in general, YUM would recognize taxable gain as if it had sold the Company common stock in a taxable sale for its fair market value (unless YUM and the Company jointly make an election under Section 336(e) of the Code with respect to the distribution, in which case, in general, (i) YUM would recognize taxable gain as if the Company had sold all of its assets in a taxable sale in exchange for an amount equal to the fair market value of the Company common stock and the assumption of all the Company's liabilities and (ii) the Company would obtain a related step up in the basis of its assets) and YUM shareholders who receive shares of Company common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Even if the distribution were to otherwise qualify as tax-free for U.S. federal income tax purposes under Sections 355 and 361 of the Code, it may result in taxable gain to YUM under Section 355(e) of the Code if the distribution were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50% or greater interest (by vote or value) in YUM or the Company. For this purpose, any acquisitions of YUM or the Company shares within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although YUM or the Company may be able to rebut that presumption.

In connection with the distribution, the Company, YCCL and YUM will enter into a tax matters agreement pursuant to which the Company and YCCL will agree to be responsible for certain tax liabilities and obligations following the distribution. For a description of the tax matters agreement, see "Certain Relationships and Related Person Transactions—Tax Matters Agreement."

Backup Withholding and Information Reporting.

Payments of cash to U.S. holders of YUM common stock in lieu of fractional shares of Company common stock may be subject to information reporting and backup withholding (currently, at a rate of 28%), unless such U.S. holder delivers a properly completed IRS Form W-9 certifying such U.S. holder's correct taxpayer identification number and certain other information, or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder's U.S. federal income tax liability provided that the required information is timely furnished to the IRS.

THE FOREGOING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.

MATERIAL CHINA TAX CONSEQUENCES

The following is a summary of material Chinese income tax consequences of the distribution by YUM of all of the outstanding shares of Company common stock to holders of YUM common stock and the treatment to such holders of the ownership and disposition of such Company common stock. This summary is based on China Enterprise Income Tax Law ("EIT Law"), Implementation Regulations of China Enterprise Income Tax Law, Chinese Individual Income Tax Law, Implementation Regulations of Chinese Individual Income Tax Law, the SAT's Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises ("Bulletin 7"), Bulletin on the Administrative Measures in respect of Individual Income Tax on Income arising from Equity Transfers, rulings and other administrative pronouncements issued by SAT, and judicial decisions, all as in effect on the date of this Information Statement, and all of which are subject to differing interpretation and change at any time, possibly with retroactive effect. This summary applies only to holders of Company common stock that are not residents of China. This summary does not address Chinese income tax consequences to any holder that receives our stock other than in the distribution, and does not address Company common stock received by employees of YUM and the Company as compensation. This summary is based upon the assumption that the distribution, together with certain related transactions, will be consummated in accordance with the separation and distribution agreement and other applicable agreements and as described in this Information Statement. This summary is for general information only and is not tax advice. This summary does not address any tax considerations under laws other than Chinese income tax laws. The distribution and the ownership and disposition of Company common stock may be taxable under such other tax laws and all holders should consult their own tax advisors with respect to the applicability and effect of any such tax laws.

The distribution may be treated as an indirect transfer of Chinese interests resulting in Chinese tax to YUM

Pursuant to Bulletin 7, an "indirect transfer" of Chinese interests by a non-resident enterprise may be recharacterized and treated as a direct transfer of Chinese taxable assets if such arrangement does not have reasonable commercial purpose and the transferor has avoided payment of Chinese enterprise income tax. As a result, gains derived from such an indirect transfer may be subject to Chinese enterprise income tax at a rate of 10%.

YUM has informed us that it believes that it is more likely than not that YUM will not be subject to this tax with respect to the distribution. However, there are significant uncertainties regarding the circumstances in which the tax will apply, and there can be no assurances that the Chinese tax authorities will not seek to impose this tax on YUM. Pursuant to the tax matters agreement, the Company and YCCL will indemnify YUM for a portion (tied to the relative market capitalization of YUM and the Company) of any taxes and related losses resulting from the application of Bulletin 7 to the distribution. Alternatively, if Bulletin 7 applies to the distribution as a result of a breach by the Company or Company group members of certain representations or covenants, or due to certain actions of the Company or Company group members following the distribution, the Company and YCCL generally will indemnify YUM for all such taxes and related losses. Therefore, if YUM is subject to such Chinese tax with respect to the distribution, we may be required to make material payments to YUM under this indemnity.

Chinese tax consequences to shareholders of receipt of Company shares

YUM shareholders are not expected to recognize gain or loss for Chinese tax purposes on receipt of Company common shares in the distribution. YUM shareholders should not be subject to any Chinese withholding or reporting obligations on such receipt, provided that the distribution is not recharacterized and taxed under Bulletin 7, and that the Company is not regarded as a China resident enterprise at the time of the distribution. However, if the distribution is recharacterized and taxed under Bulletin 7, YUM shareholders, as the transferees of Company shares, may in principle be

required to withhold their proportionate share of the Chinese enterprise income tax payable by YUM on the capital gains YUM is deemed to have realized on the indirect transfer of Chinese interests, although there are arguments against the imposition of such a withholding obligation. If a withholding obligation were deemed to apply, and the Chinese tax authorities sought to enforce such withholding obligation, failure on the part of YUM shareholders to withhold as required by Bulletin 7 could result in the imposition of penalties on such shareholders. Separately, if the Company is regarded as a China resident enterprise at the time of the distribution, YUM shareholders may have a similar withholding obligation with respect to capital gains YUM is deemed to have realized on its transfer of interest in a China resident enterprise.

Treatment of the Company as a China resident enterprise

Under the EIT Law and its implementation rules, an enterprise established outside China with a "de facto management body" within China is considered a China resident enterprise for Chinese enterprise income tax purposes. The Company and each Company subsidiary that is organized outside of China intend to conduct their management functions in a manner that does not cause them to be China resident enterprises, including by carrying on their day-to-day management activities and maintaining their key assets and records, such as resolutions of their board of directors and resolutions of stockholders, outside of China. As such, we do not believe that the Company or any of its non-Chinese subsidiaries should be considered a China resident enterprise for purposes of the EIT Law, and should not be subject to China enterprise income tax on that basis. However, given the uncertainty regarding the application of the EIT Law to the Company and its future operations, there can be no assurances that the Company or any of its non-Chinese subsidiaries will not be treated as a China resident enterprise now or in the future.

Chinese tax consequences of distributions to Company stockholders

No Chinese withholding tax should apply to dividends paid by the Company to non-Chinese stockholders, provided the Company is not considered to be a China resident enterprise.

If the Company is considered to be a China resident enterprise, dividends paid by the Company to non-Chinese stockholders will generally be subject to a withholding tax at a rate of 10%, or an individual income tax at a rate of 20% if the stockholder is an individual, unless otherwise reduced or exempted in accordance with an applicable income tax treaty. The Company will have primary responsibility for Chinese tax filings with respect to any such withholding taxes, and non-Chinese stockholders generally should not have any Chinese tax filing obligations in this regard provided the Company satisfies its obligations as the tax withholding agent.

Chinese tax consequences to stockholders of dispositions of Company shares

As noted above, gains derived from an indirect transfer of Chinese interests by a non-resident enterprise may be subject to Chinese enterprise income tax at a rate of 10%. Under current law, this tax does not apply to gains recognized by individual stockholders. However, in practice there have been a few reported cases of individuals being taxed on the indirect transfer of Chinese interests and the law could be changed so as to apply to individual stockholders, possibly with retroactive effect. For Company stockholders that are not individuals, a transfer of Company shares may be treated as an indirect transfer of Chinese interests.

An exception to the Chinese enterprise income tax applies if (i) the selling non-resident enterprise recognizes the relevant gain by purchasing and selling equity of the same listed enterprise in the open market (the "listed enterprise exception") or (ii) the selling non-resident enterprise would have been exempted from income tax in China if it had directly held and transferred such Chinese interests that were indirectly transferred. Because Company stockholders will acquire Company stock through the

distribution, it is unclear whether such Company stockholders will be treated as acquiring Company stock through an open market purchase. If Company shares are not treated as acquired in an open market purchase the listed enterprise exception will not be available. Similarly, if Company shares are disposed of in transactions other than open market sales, such sales would not qualify for the listed enterprise exception. If the listed enterprise exception does not apply, non-individual stockholders may be subject to 10% Chinese enterprise income tax on any gains recognized, unless a treaty exception applies.

In addition to the listed enterprise exception, Company stockholders that are not individuals may be exempt from the Chinese enterprise income tax with respect to the sale of our stock if they are tax resident in a country or region that has a tax treaty or arrangement with China that provides for a capital gains tax exemption, and they qualify for that exemption. Under the U.S.-China double tax treaty, a stockholder that is a U.S. tax resident and that disposes of stock representing less than 25% of the Company's outstanding stock should be exempt from Chinese capital gains tax.

If neither the listed enterprise exception nor a treaty exception applies, non-individual stockholders may be subject to 10% Chinese enterprise income tax on any gain recognized. For purposes of calculating the amount of any such tax, a holder's tax basis for Company shares in the distribution would generally be determined based on its investment cost in Company shares, assuming that the prior transaction in which that holder acquired those Company shares has been subject to 10% Chinese enterprise income tax. Alternatively, if the distribution is not subject to Chinese enterprise income tax, there is no formal guidance as to the computation of tax basis for holders of Company shares that receive such shares in the distribution. As a result, it is not clear that a Company stockholder would be permitted to allocate a portion of its basis in its YUM shares to Company stock, or to claim a tax basis that YUM would have been entitled to if the distribution were taxable, and Chinese tax authorities may take a position that the stockholder's basis in the Company shares is zero. Holders of Company stock that may be subject to Chinese tax on the disposition of such stock should consult their tax advisors as to the appropriate method of calculating their taxable gain in this scenario.

Company stockholders that are not individuals and are not eligible for the listed enterprise exception or a treaty exemption may also be subject to Chinese tax filing obligations in respect of any such transactions. In addition, the buyers of such shares may also be subject to Chinese tax filing obligation in respect of any such transactions and may be required to withhold the Chinese capital gains tax payable by the seller for such shares.

Finally, as discussed above, in certain circumstances the Company may be treated as a China resident enterprise. If the Company is treated as a China resident enterprise, a non-individual holder of Company stock will generally be subject to Chinese capital gains tax at a tax rate of 10%, while an individual holder of Company stock may be subject to Chinese capital gains tax at a tax rate of 20%, as well as Chinese tax filing obligations, unless otherwise reduced or exempted in accordance with an applicable income tax treaty. In addition, a purchaser of Company shares in such a scenario may be required to withhold the Chinese capital gains tax payable by the seller for such shares and comply with Chinese tax filing obligations.

THE FOREGOING DISCUSSION IS A SUMMARY OF MATERIAL CHINESE INCOME TAX CONSEQUENCES OF THE DISTRIBUTION AND THE DISPOSITION OF SHARES OF COMPANY COMMON STOCK UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION AND DISPOSITION OF SHARES OF COMPANY COMMON STOCK TO THEM, INCLUDING THE APPLICATION AND EFFECT OF CHINESE TAX LAWS.

DESCRIPTION OF CAPITAL STOCK

Our certificate of incorporation and bylaws will be amended and restated prior to the separation. The following is a summary of the material terms of our capital stock that will be contained in our amended and restated certificate of incorporation and amended and restated bylaws. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of the certificate of incorporation or of the bylaws to be in effect at the time of the distribution. The summary is qualified in its entirety by reference to such documents, which you must read (along with the applicable provisions of Delaware law) for complete information on the Company's capital stock as of the time of the distribution. Our certificate of incorporation and bylaws to be in effect at the time of the distribution are included as exhibits to the registration statement of which this Information Statement forms a part.

General

Our authorized capital stock consists of [·] shares of common stock, $0.01 par value per share, and [·] shares of preferred stock, $0.01 par value per share. Immediately following the distribution, based on the number of shares of YUM common stock outstanding as of [·], 2016, we expect that approximately [·] shares of our common stock will be issued and outstanding and that no shares of preferred stock will be issued and outstanding.

Common Stock

Each holder of Company common stock will be entitled to one vote for each share on all matters to be voted upon by the common stockholders, and there will be no cumulative voting rights. Subject to any preferential rights of any outstanding preferred stock, holders of our common stock will be entitled to receive ratably the dividends, if any, as may be declared from time to time by our board of directors out of funds legally available for that purpose. If there is a liquidation, dissolution or winding up of the Company, holders of our common stock would be entitled to ratable distribution of its assets remaining after the payment in full of liabilities and any preferential rights of any then-outstanding preferred stock.

Holders of our common stock will have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. After the distribution, all outstanding shares of our common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

Under the terms of our amended and restated certificate of incorporation, our board of directors will be authorized, subject to limitations prescribed by the DGCL, to issue up to [250,000,000] shares of preferred stock in one or more series without further action by the holders of our common stock. Our board of directors will have the discretion, subject to limitations prescribed by the DGCL and by our amended and restated certificate of incorporation, to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

At the time of the distribution, no shares of our preferred stock will be outstanding, and, other than shares of our preferred stock that may become issuable pursuant to our rights agreement, we have no present plans to issue any shares of our preferred stock. See "—Stockholder Rights Plan" below.

Anti-Takeover Effects of Various Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws

Provisions of the DGCL, our amended and restated certificate of incorporation and amended and restated bylaws and our stockholder rights plan could make it more difficult to acquire control of the Company by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that our board of directors may consider inadequate and to encourage persons seeking to acquire control of the Company to first negotiate with our board of directors. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Stockholder Rights Plan. The Company expects to enter into a rights agreement with a rights agent prior to the separation. Pursuant to the rights agreement, the Company will issue, and holders of Company common stock will receive, one preferred share purchase right for each outstanding share of Company common stock. Each right issued will be subject to the terms of the rights agreement. The Company's board of directors believes that the rights agreement will protect our stockholders from coercive or otherwise unfair takeover tactics. In general terms, the rights agreement works by imposing a significant penalty upon any person or group that acquires [·]% or more of the Company's outstanding common stock, without the approval of the Company's board of directors. The rights agreement will automatically terminate without further action of the Company board of directors on the first anniversary of the distribution date.

Delaware Anti-Takeover Statute. The Company will be subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time the person became an interested stockholder, unless: (i) prior to such time, the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) the voting stock owned by directors who are also officers or held in employee benefit plans in which the employees do not have a confidential right to tender or vote stock held by the plan); or (iii) on or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock of such corporation not owned by the interested stockholder. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status did own) 15% or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by our stockholders.

Classified Board. Upon completion of the separation, the Company's board of directors will initially be divided into three classes, with Class I comprised of [·] directors, Class II comprised of [·] directors and Class III comprised of [·] directors. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution,

which the Company expects to hold in 2017. The directors designated as Class II directors will have terms expiring at the following year's annual meeting of stockholders, which the Company expects to hold in 2018, and the directors designated as Class III directors will have terms expiring at the following year's annual meeting of stockholders, which the Company expects to hold in 2019. Commencing with the first annual meeting of stockholders following the distribution, directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the 2019 annual meeting of stockholders. Beginning at the 2019 annual meeting, all of our directors will stand for election each year for annual terms, and our board will therefore no longer be divided into three classes.

At any meeting of stockholders for the election of directors at which a quorum is present, the election will be determined by a majority of the votes cast by the stockholders entitled to vote in the election, with directors not receiving a majority of the votes cast required to tender their resignations for consideration by the board of directors, except that in the case of a contested election, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election. Before the Company's board of directors is declassified, it would take at least two elections of directors for any individual or group to gain control of the Company's board of directors. Accordingly, while the classified board of directors is in effect, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of the Company.

Removal of Directors. Our amended and restated bylaws will provide that, for long as our board of directors is classified, stockholders may only remove our directors for cause. After the board of directors has been fully declassified, stockholders may remove our directors with or without cause.

Amendments to Bylaws. Our amended and restated bylaws will provide that such bylaws may be amended by our board of directors or by the affirmative vote of a majority of our stockholders entitled to vote.

Size of Board and Vacancies. Our amended and restated certificate of incorporation will provide that the number of directors on our board of directors will be not less than three nor more than 15, and that the exact number of directors will be fixed by resolution of a majority of our entire board of directors (assuming no vacancies). Any vacancies created on our board of directors resulting from any increase in the authorized number of directors or death, resignation, retirement, disqualification, removal from office or other cause will be filled by a majority of the board of directors then in office, even if less than a quorum is present, or by a sole remaining director. Any director appointed to fill a vacancy on our board of directors will be appointed for a term expiring at the next election of the class for which such director has been appointed and until his or her successor has been elected and qualified.

Special Meetings. Our amended and restated certificate of incorporation will provide that only our board of directors (or the chairman of our board of directors, our chief executive officer or our secretary with the concurrence of a majority of our board of directors) may call special meetings of our stockholders.

Stockholder Action by Written Consent. Our amended and restated certificate of incorporation will expressly eliminate the right of our stockholders to act by written consent. Accordingly, stockholder action must take place at the annual or a special meeting of our stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of our board of directors or a committee of our board of directors.

Proxy Access. In addition to advance notice procedures, our amended and restated bylaws will also include provisions permitting, subject to certain terms and conditions, stockholders owning at least 3% of our outstanding common shares for at least three consecutive years to use our annual meeting proxy statement to nominate a number of director candidates not to exceed 20% of the number of directors in office, subject to reduction in certain circumstances.

No Cumulative Voting. The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless the company's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will not provide for cumulative voting.

Undesignated Preferred Stock. The authority that our board of directors will possess to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of our company through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. Our board of directors may be able to issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of our common stock.

Limitations on Liability, Indemnification of Officers and Directors and Insurance

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors, except for liability for any breach of the director's duty of loyalty to the corporation or its stockholders, for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, for unlawful payments of dividends or unlawful stock repurchases or redemptions described by Section 174 of the DGCL or for any transaction from which the director derived an improper personal benefit. Our amended and restated certificate of incorporation will include such an exculpation provision. Our amended and restated certificate of incorporation and amended and restated bylaws will include provisions that require the Company to indemnify, to the fullest extent allowable under the DGCL, directors or officers for monetary damages for actions taken as a director or officer of the Company or while serving at the Company's request as a director or officer or another position at another corporation or enterprise, as the case may be. Our amended and restated certificate of incorporation will also provide that the Company must, subject to certain conditions, advance reasonable expenses to its directors and officers. Our amended and restated certificate of incorporation will expressly authorize the Company to carry directors' and officers' insurance to protect the Company and our directors, officers, employees and agents from certain liabilities.

The limitation of liability and indemnification provisions that will be in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. These provisions may also have the effect of reducing the likelihood of derivative litigation against our directors and officers, even though such an action, if successful, might otherwise benefit our company and our stockholders. However, these provisions will not limit or eliminate the Company's rights, or those of any stockholder, to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's fiduciary duties. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, the Company pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Exclusive Forum

Our amended and restated certificate of incorporation will provide that unless the board of directors otherwise determines, a state court of the State of Delaware will be the sole and exclusive

forum for any derivative action or proceeding brought on behalf of the Company, any action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Company to the Company or the Company's stockholders, creditors or other constituents, any action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the DGCL or the Company's amended and restated certificate of incorporation or bylaws, or any action asserting a claim against the Company or any director or officer of the Company governed by the internal affairs doctrine. However, if such court dismisses any such action for lack of subject matter jurisdiction, the action may be brought in the Federal court for the District of Delaware. Although the Company's amended and restated certificate of incorporation will include this exclusive forum provision, it is possible that a court could rule that this provision is inapplicable or unenforceable.

Authorized But Unissued Shares

Our authorized but unissued shares of common stock and preferred stock will generally be available for future issuance without the approval of the Company's stockholders. The Company may use such additional shares for a variety of purposes, including future public offerings to raise additional capital, to fund acquisitions and as employee compensation. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of the Company by means of a proxy contest, tender offer, merger or otherwise.

Listing

We intend to file an application to have our shares of common stock authorized for listing on the New York Stock Exchange under the symbol "YUMC."

Sale of Unregistered Securities

On April 1, 2016, the Company issued 1,000 shares of its common stock to Yum! Restaurants International Management ("YRIM"), and the Company issued 1 share of its common stock to YRIM on each of August 2, 3 and 18, 2016, pursuant to Section 4(a)(2) of the Securities Act. The Company did not register the issuance of such shares under the Securities Act because such issuance did not constitute a public offering. All of the shares of the Company's common stock are currently owned by Yum! Brands, Inc. after YRIM, and other Yum! Brands, Inc. subsidiaries, transferred such shares until the Company became wholly owned by Yum! Brands, Inc.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company, LLC.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock that YUM shareholders will receive in the distribution. This Information Statement forms a part of that registration statement and, as allowed by SEC rules, does not include all of the information you can find in the registration statement or the exhibits to the registration statement. For additional information relating to the Company and the distribution, reference is made to the registration statement and the exhibits to the registration statement. Statements contained in this Information Statement as to the contents of any contract or document referred to are not necessarily complete and in each instance, if the contract or document is filed as an exhibit to the registration statement, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each such statement is qualified in all respects by reference to the applicable document.

Following the distribution, we will file annual, quarterly and special reports, proxy statements and other information with the SEC. We intend to furnish our stockholders with annual reports containing combined financial statements audited by an independent registered public accounting firm. The registration statement is, and any of these future filings with the SEC will be, available to the public over the Internet on the SEC's website at www.sec.gov. You may read and copy any filed document at the SEC's public reference room in Washington, D.C. at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room.

The Company maintains an Internet site at www.[·].com. The Company's website and the information contained therein or connected thereto shall not be deemed to be incorporated herein, and you should not rely on any such information.

INDEX TO FINANCIAL INFORMATION

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Yum! Brands, Inc.:

We have audited the accompanying combined balance sheets of Yum! Brands, Inc.'s China businesses and operations ("Yum China Holdings, Inc." or the "Company") as of December 31, 2015 and 2014, and the related combined statements of income (loss), comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2015. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 and Note 2, the accompanying combined financial statements have been derived from the consolidated financial statements and underlying accounting records of Yum! Brands, Inc. ("YUM"). The combined financial statements also include expense allocations for certain corporate functions historically provided by YUM. These allocations may not be indicative of the actual expenses which would have been incurred had the Company operated as a separate entity apart from YUM.

/s/ KPMG Huazhen LLP

Shanghai, China
May 3, 2016

Combined Statements of Income (Loss)

Yum China Holdings, Inc.

Fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013

(in millions)

	2015	2014	2013
Revenues			
Company sales	$ 6,789	$ 6,821	$ 6,800
Franchise fees and income	120	113	105
Total revenues	6,909	6,934	6,905
Costs and Expenses, Net			
Company restaurants			
Food and paper	2,159	2,207	2,258
Payroll and employee benefits	1,386	1,407	1,360
Occupancy and other operating expenses	2,386	2,415	2,347
Company restaurant expenses	5,931	6,029	5,965
General and administrative expenses	395	389	356
Franchise expenses	70	64	60
Closures and impairment expenses, net	64	517	325
Refranchising gain, net	(13)	(17)	(5)
Other income, net	(26)	(51)	(25)
Total costs and expenses, net	6,421	6,931	6,676
Operating Profit	488	3	229
Interest income, net	8	14	5
Income Before Income Taxes	496	17	234
Income tax provision	(168)	(54)	(135)
Net Income (loss)—including noncontrolling interests	328	(37)	99
Net Income (loss)—noncontrolling interests	5	(30)	(27)
Net Income (loss)—Yum China Holdings, Inc.	$ 323	$ (7)	$ 126

See accompanying Notes to Combined Financial Statements.

Combined Statements of Comprehensive Income (Loss)

Yum China Holdings, Inc.

Fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013

(in millions)

	2015	2014	2013
Net income (loss)—including noncontrolling interests	$ 328	$ (37)	$ 99
Other comprehensive income (loss), net of tax:			
Foreign currency gains (losses) arising during the year	(93)	(52)	66
Comprehensive Income (loss)—including noncontrolling interests	235	(89)	165
Comprehensive Income (loss)—noncontrolling interests	(1)	(32)	(23)
Comprehensive Income (Loss)—Yum China Holdings, Inc.	$ 236	$ (57)	$ 188

See accompanying Notes to Combined Financial Statements.

Combined Statements of Cash Flows

Yum China Holdings, Inc.

Fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013

(in millions)

	2015	2014	2013
Cash Flows—Operating Activities			
Net Income (loss)—including noncontrolling interests	$ 328	$ (37)	$ 99
Depreciation and amortization	425	411	394
Closures and impairment expenses	64	517	325
Refranchising gain	(13)	(17)	(5)
Deferred income taxes	29	(104)	(49)
Equity income from investments in unconsolidated affiliates	(41)	(30)	(26)
Distributions of income received from unconsolidated affiliates	21	28	43
Excess tax benefits from share-based compensation	(3)	(2)	(3)
Share-based compensation expense	14	13	12
Changes in accounts receivable	(12)	6	(12)
Changes in inventories	61	(21)	22
Changes in prepaid expenses and other current assets	(1)	10	(5)
Changes in accounts payable and other current liabilities	31	39	(24)
Changes in income taxes payable	(14)	(44)	6
Other, net	21	6	5
Net Cash Provided by Operating Activities	910	775	782
Cash Flows—Investing Activities			
Capital spending	(512)	(525)	(568)
Proceeds from refranchising of restaurants	27	31	10
Other, net	(8)	(18)	(17)
Net Cash Used in Investing Activities	(493)	(512)	(575)
Cash Flows—Financing Activities			
Net transfers to Parent	(214)	(316)	(105)
Payment of capital lease obligations	(2)	(1)	(1)
Short-term borrowings, by original maturity			
More than three months—proceeds	—	2	56
More than three months—payments	—	(2)	(56)
Excess tax benefits from share-based compensation	3	2	3
Other, net	—	(4)	(33)
Net Cash Used in Financing Activities	(213)	(319)	(136)
Effect of Exchange Rates on Cash and Cash Equivalents	(17)	(6)	6
Net Increase (Decrease) in Cash and Cash Equivalents	187	(62)	77
Cash and Cash Equivalents—Beginning of Year	238	300	223
Cash and Cash Equivalents—End of Year	$ 425	$ 238	$ 300

See accompanying Notes to Combined Financial Statements.

Combined Balance Sheets

Yum China Holdings, Inc.

December 31, 2015 and December 31, 2014

(in millions)

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 425	$ 238
Accounts receivable, net	76	60
Inventories	189	260
Prepaid expenses and other current assets	109	90
Total Current Assets	799	648
Property, plant and equipment, net	1,841	2,001
Goodwill	85	89
Intangible assets, net	107	127
Investments in unconsolidated affiliates	61	52
Other assets	192	199
Deferred income taxes	116	141
Total Assets	$ 3,201	$ 3,257
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	$ 926	$ 1,004
Income taxes payable	22	36
Total Current Liabilities	948	1,040
Capital lease obligations	34	34
Other liabilities and deferred credits	234	229
Total Liabilities	1,216	1,303
Redeemable Noncontrolling Interest	6	9
Equity		
Parent Company investment	1,791	1,671
Accumulated other comprehensive income (loss)	130	217
Total Equity—Yum China Holdings, Inc.	1,921	1,888
Noncontrolling interests	58	57
Total Equity	1,979	1,945
Total Liabilities, Redeemable Noncontrolling Interest and Equity	$ 3,201	$ 3,257

See accompanying Notes to Combined Financial Statements.

Combined Statements of Equity

Yum China Holdings, Inc.

Fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013

(in millions)

	Yum China Holdings, Inc.				
	Parent Company Investment	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interest
Balance at December 31, 2012	$ 2,012	$ 205	$ 99	$ 2,316	$ 59
Net Income (loss)	126		(5)	121	(22)
Foreign currency translation gains (losses)		62	2	64	2
Comprehensive Income (loss)				185	(20)
Dividends declared			(18)	(18)	—
Acquisitions of Little Sheep store-level noncontrolling interests			(15)	(15)	
Net transfers to Parent	(124)			(124)	
Balance at December 31, 2013	$ 2,014	$ 267	$ 63	$ 2,344	$ 39
Net Income (loss)	(7)		(1)	(8)	(29)
Foreign currency translation gains (losses)		(50)	(1)	(51)	(1)
Comprehensive Income (loss)				(59)	(30)
Dividends declared			(4)	(4)	—
Net transfers to Parent	(336)			(336)	
Balance at December 31, 2014	$ 1,671	$ 217	$ 57	$ 1,945	$ 9
Net Income (loss)	323		6	329	(1)
Foreign currency translation gains (losses)		(87)	(4)	(91)	(2)
Comprehensive Income (loss)				238	(3)
Acquisitions of Little Sheep store-level noncontrolling interests	1		(1)	—	
Net transfers to Parent	(204)			(204)	
Balance at December 31, 2015	1,791	130	58	1,979	6

See accompanying Notes to Combined Financial Statements.

Notes to Combined Financial Statements

(Tabular amounts in millions, except share data)

Note 1—Description of the Business

On October 20, 2015, Yum! Brands, Inc. ("YUM" or the "Parent") announced that it intended to separate into two independent publicly traded companies each with a separate strategic focus. YUM plans to distribute to its shareholders all outstanding shares of Yum China Holdings, Inc. (the "Company"), which will hold, directly or indirectly, the assets and liabilities associated with YUM's operations in China. The separation transaction will be completed by way of a pro rata distribution of Company shares by YUM to its shareholders as of the record date. These Combined Financial Statements reflect the results of operations, comprehensive income and cash flows of the Company for the three years ended December 31, 2015 and the Company's financial position as of December 31, 2015 and 2014. References to the Company throughout these Combined Financial Statements are made using the first person notations of "we," "us" or "our."

The Company operates and owns, franchises or has ownership in entities that own and operate restaurants under the KFC, Pizza Hut Casual Dining, Pizza Hut Home Service, East Dawning and Little Sheep concepts (collectively, the "Concepts"). The operating results of these Concepts in China have historically been included in the China Division segment of YUM's Consolidated Financial Statements. Upon the separation of the Company from YUM, Yum! Restaurants Asia Pte. Ltd., a wholly-owned indirect subsidiary of YUM, and Yum Restaurants Consulting (Shanghai) Company Limited (``YCCL"), a wholly-owned indirect subsidiary of the Company, will enter into a 50-year master license agreement with automatic renewals for additional consecutive renewal terms of 50 years each, subject only to YCCL being in "good standing" and unless YCCL gives notice of its intent to not renew, for the exclusive right to use and sublicense the use of intellectual property owned by YUM and its subsidiaries for the development and operation of the KFC, Pizza Hut Casual Dining and Pizza Hut Home Services brands and their related marks and other intellectual property rights for restaurant services in China. In addition, subject to certain agreed-upon milestones, the Company has an exclusive license under the master license agreement to operate and develop Taco Bell restaurants and use the related marks in China. In exchange we will pay a license fee to YUM equal to 3% of net sales for both our Company and franchise restaurants. We will continue to own the East Dawning and Little Sheep intellectual property and will pay no license fee related to these concepts.

Completion of the transaction will be subject to certain conditions, including, among others, receiving final approval from YUM's board of directors, receipt of various regulatory approvals, receipt of opinions of YUM's external tax advisors with respect to certain tax matters, the effectiveness of filings related to public listing in the United States of America and applicable securities laws, and other terms and conditions as may be determined by YUM's board of directors. The transaction is expected to be completed by the end of 2016 and is intended to qualify as a tax-free reorganization for U.S. federal income tax purposes.

The operations of each Concept represent an operating segment of the Company within these Combined Financial Statements. We have two reportable segments: KFC and Pizza Hut Casual Dining. Our remaining operating segments, including the operations of Pizza Hut Home Service, East Dawning and Little Sheep, are combined and referred to as All Other Segments, as those operating segments are individually insignificant.

KFC was the first quick-service restaurant brand to enter China in 1987. As of December 31, 2015, there are approximately 5,000 KFCs in China. We maintain a 58% and 70% controlling interest in the entities that own and operate the KFCs in Shanghai and Beijing, respectively. We have a 47%

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 1—Description of the Business (Continued)

non-controlling ownership in each of the entities that own and operate KFCs in Hangzhou, Suzhou and Wuxi.

KFC Unit Count	2015	2014	2013
Company-owned	3,821	3,732	3,569
Unconsolidated affiliates	796	757	716
Franchise	386	339	278
	5,003	4,828	4,563

The first Pizza Hut Casual Dining in China opened in 1990. As of December 31, 2015 there are nearly 1,600 Pizza Hut Casual Dining restaurants in China.

Pizza Hut Casual Dining Unit Count	2015	2014	2013
Company-owned	1,556	1,310	1,058
Franchise	16	3	2
	1,572	1,313	1,060

Note 2—Summary of Significant Accounting Policies

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

Basis of Preparation and Principles of Consolidation. These accompanying Combined Financial Statements have been prepared on a stand-alone basis and are derived from YUM's Consolidated Financial Statements and underlying accounting records. Transactions between the Company and the Parent that were not cash settled were considered to be effectively settled at the time the transactions are recorded.

The Combined Financial Statements include all revenues, costs, assets and liabilities directly attributable to the Company either through specific identification or allocation. The Combined Statements of Income include allocations for certain of YUM's Corporate functions which provide a direct benefit to the Company. These costs have been allocated based on Company system sales relative to YUM's global system sales. System sales includes the sales results of all restaurants regardless of ownership. All allocated costs have been deemed to have been paid to the Parent in the period in which the costs were recorded. The Company considers the cost allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had the Company operated as an independent, publicly traded company for the periods presented. See Note 3 for further discussion.

We consolidate entities in which we have a controlling financial interest, the usual condition of which is ownership of a majority voting interest. We also consider for consolidation an entity, in which we have certain interests, where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 2—Summary of Significant Accounting Policies (Continued)

("VIE"), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it.

Our most significant variable interests are in entities that operate restaurants under franchise arrangements. We do not generally have an equity interest in our franchisee businesses with the exception of certain entities discussed below. Additionally, we do not typically provide significant financial support such as loans or guarantees to our franchisees. We have variable interests in certain entities that operate restaurants under franchise agreements through real estate lease arrangements with them to which we are a party. At December 31, 2015, the Company had future lease payments due from franchisees, on a nominal basis, of approximately $100 million. As our franchise arrangements provide our franchisee entities the power to direct the activities that most significantly impact their economic performance, we do not consider ourselves the primary beneficiary of any such entity that might otherwise be considered a VIE.

We consolidate the entities that operate KFCs in Shanghai and Beijing where we have controlling interests of 58% and 70%, respectively. We report Net income (loss) attributable to noncontrolling interests, which includes the minority shareholders of the entities separately on the face of our Combined Statements of Income. The portion of equity not attributable to the Company for these entities is reported within equity, separately from the Company's equity on the Combined Balance Sheets.

We have a noncontrolling 47% interest in each of the entities that operate the KFCs in Hangzhou, Suzhou and Wuxi. We account for these entities by the equity method. These entities are not VIEs and our lack of majority voting rights precludes us from controlling these affiliates. Thus, we do not consolidate these affiliates, instead accounting for them under the equity method. We also have a 25% noncontrolling interest in a meat processing entity affiliated with our Little Sheep business which is also accounted for by the equity method. Our share of the net income or loss of these unconsolidated affiliates is included in Other income, net.

The shareholder that owns the remaining 7% ownership interest in Little Sheep holds an option that, if exercised, requires us to redeem its noncontrolling interest. This redeemable non-controlling interest is classified outside permanent equity and recorded in the Combined Balance Sheets as the greater of the initial carrying amount adjusted for the non-controlling interest's share of net income (loss), or its redemption value.

Fiscal Calendar. Our fiscal year ends on December 31. The Company operates on a fiscal monthly calendar, with two months in the first quarter, three months in the second and third quarters and four months in the fourth quarter.

Foreign Currency. Our functional currency for the operating entities in China is the Chinese Renminbi ("RMB"), the currency of the primary economic environment in which they operate. Income and expense accounts for our operations are then translated into U.S. dollars at the average exchange rates prevailing during the period. Assets and liabilities are then translated into U.S. dollars at exchange rates in effect at the balance sheet date. As of December 31, 2015, net cumulative translation adjustment gains of $130 million are recorded in Accumulated other comprehensive income (loss) in the Combined Balance Sheet. Gains and losses arising from the impact of foreign currency exchange

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 2—Summary of Significant Accounting Policies (Continued)

rate fluctuations on transactions in foreign currency, to the extent they arise, are included in Other income, net in our Combined Statements of Income.

Franchise Operations. We execute agreements which set out the terms of our arrangement with franchisees. Our franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales. Subject to our approval and their payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

The internal costs we incur to provide support services to our franchisees are charged to General and Administrative ("G&A") expenses as incurred. Certain direct costs of our franchise operations are charged to Franchise expenses. These costs include provisions for estimated uncollectible fees, rent or depreciation expense associated with restaurants we sublease to franchisees, and certain other direct incremental franchise support costs. The 3% license fee we pay to YUM for the right to sublicense the KFC and Pizza Hut intellectual property is also recorded in Franchise expenses.

Revenue Recognition. Revenues from Company-owned restaurants are recognized when payment is tendered at the time of sale. The Company presents sales net of sales-related taxes. The license fee we pay to YUM as a percentage of these Company sales is included in Occupancy and other operating expenses. We recognize income from gift cards when the gift card is redeemed by the customer. We recognize breakage revenue, which is the amount of gift card proceeds that is not expected to be redeemed, when the likelihood of redemption becomes remote.

Income from our franchisees includes initial fees, continuing fees, renewal fees and rental income from restaurants we sublease to them. We recognize initial fees received from a franchisee as revenue when we have performed substantially all initial services required by the franchise agreement, which is generally upon the opening of a store. We recognize continuing fees, which are based upon a percentage of franchisee sales, as those sales occur and rental income is recognized as it is earned. We recognize renewal fees when a renewal agreement with a franchisee becomes effective. We present initial fees collected upon the sale of a Company-owned restaurant to a franchisee in Refranchising gain, net.

Direct Marketing Costs. We charge direct marketing costs to expense ratably in relation to revenues over the year in which incurred and, in the case of advertising production costs, in the year the advertisement is first shown. Deferred direct marketing costs, which are classified as prepaid expenses, consist of media and related advertising production costs which will generally be used for the first time in the next fiscal year and have historically not been significant. Our direct marketing expenses were $327 million, $328 million and $346 million in 2015, 2014 and 2013, respectively. We report direct marketing costs in Occupancy and other operating expenses.

Our franchise agreements require our franchisees to fund advertising and marketing expenditures, typically in an amount that is a percentage of sales. Local marketing expenditures are managed by each operator. The Company, as an agent, collects and disburses non-local funds on behalf of the entire system. We record cash received and accounts payable from the administration of such non-local funds in our Combined Balance Sheets. Any unused non-local funds are returned to the system.

Research and Development Expenses. Research and development expenses, which are expensed as incurred and are reported in G&A expenses. Research and development expenses were $5 million, in each of 2015, 2014 and 2013.

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 2—Summary of Significant Accounting Policies (Continued)

Share-Based Compensation. Certain of the Company's employees participate in YUM's share-based compensation plans. We recognize all share-based payments to employees, including grants of employee stock options and stock appreciation rights ("SARs"), in the Combined Financial Statements as compensation cost over the service period based on their fair value on the date of grant. This compensation cost is recognized over the service period on a straight-line basis for awards that actually vest. We present this compensation cost consistent with the other compensation costs for the employee recipient in G&A expenses. Share-based compensation expense includes an allocation of amounts incurred by YUM for services provided on our behalf. See Note 13 for further discussion of YUM's share-based compensation plans.

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

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

When we believe it is more likely than not a restaurant or groups of restaurants will be refranchised for a price less than their carrying value, but do not believe the restaurant(s) have met the criteria to be classified as held for sale, we review the restaurants for impairment. We evaluate the recoverability of these restaurant assets by comparing estimated sales proceeds plus holding period cash flows, if any, to the carrying value of the restaurant or group of restaurants. For restaurant assets that are not deemed to be recoverable, we recognize impairment for any excess of carrying value over the fair value of the restaurants, which is based on the expected net sales proceeds. To the extent ongoing

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 2—Summary of Significant Accounting Policies (Continued)

agreements to be entered into with the franchisee simultaneous with the refranchising are expected to contain terms, such as royalty rates, not at prevailing market rates, we consider the off-market terms in our impairment evaluation. We recognize any such impairment charges in Refranchising gain. Refranchising gain includes the gains or losses from the sales of our restaurants to new and existing franchisees, including any impairment charges discussed above, and the related initial franchise fees. We recognize gains on restaurant refranchisings when the sale transaction closes, the franchisee has a minimum amount of the purchase price in at-risk equity and we are satisfied that the franchisee can meet its financial obligations.

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

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

Impairment of Investments in Unconsolidated Affiliates. We record impairment charges related to an investment in an unconsolidated affiliate whenever events or circumstances indicate that a decrease in the fair value of an investment has occurred which is other than temporary. In addition, we evaluate our investments in unconsolidated affiliates for impairment when they have experienced two consecutive years of operating losses.

Income Taxes. The Company's results have historically been included in the consolidated U.S. federal income tax return and U.S. state income tax filings of YUM. The Company has computed its provision for income taxes on a separate return basis in these Combined Financial Statements. The separate return method applies the accounting guidance for income taxes to the stand-alone financial statements as if the Company was a separate taxpayer and a stand-alone enterprise for the periods presented. The calculation of income taxes for the Company on a separate return basis requires a considerable amount of judgment and use of both estimates and allocations.

We record deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as operating loss, capital loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences or carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Additionally, in determining the need for recording a valuation allowance against the carrying amount of deferred tax assets, we consider the amount of

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 2—Summary of Significant Accounting Policies (Continued)

taxable income and periods over which it must be earned, actual levels of past taxable income and known trends and events or transactions that are expected to affect future levels of taxable income. Where we determine that it is more likely than not that all or a portion of an asset will not be realized, we record a valuation allowance.

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

We do not record a U.S. deferred tax liability for the excess of the book basis over the tax basis of our investments in foreign subsidiaries to the extent that the basis difference results from earnings that meet the indefinite reversal criteria. This criteria is met if the foreign subsidiary has invested, or will invest, the undistributed earnings indefinitely. The decision as to the amount of undistributed earnings that we intend to maintain in non-U.S. subsidiaries considers items including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity plans and expected cash requirements in the United States.

In November, 2015 the FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes (ASU 2015-17) to simplify the presentation of deferred taxes on the balance sheet. ASU 2015-17 requires organizations that present a classified balance sheet to classify all deferred taxes as noncurrent assets or noncurrent liabilities. We have elected to early adopt this guidance as of December 31, 2015.

See Note 14 for a further discussion of our income taxes.

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

Level 1 Inputs based upon quoted prices in active markets for identical assets.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 Inputs that are unobservable for the asset.

Cash and Cash Equivalents. Cash equivalents represent funds we have temporarily invested (with original maturities not exceeding three months), including short-term, highly liquid debt securities. Cash

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 2—Summary of Significant Accounting Policies (Continued)

and overdraft balances that meet the criteria for right to offset are presented net on our Combined Balance Sheets.

Receivables. Trade receivables consisting of royalties from franchisees are generally due within 30 days of the period in which the corresponding sales occur and are classified as Accounts receivable on our Combined Balance Sheets. Our provision for uncollectible franchise receivable balances is based upon pre-defined aging criteria or upon the occurrence of other events that indicate that we may not collect the balance due. Additionally, we monitor the financial condition of our franchisees and record provisions for estimated losses on receivables when we believe it probable that our franchisees will be unable to make their required payments. While we use the best information available in making our determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond our control. Trade receivables that are ultimately deemed to be uncollectible, and for which collection efforts have been exhausted, are written off against the allowance for doubtful accounts. Receivables due from unconsolidated affiliates were $19 million and $15 million as of December 31, 2015 and 2014, respectively.

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

Property, Plant and Equipment. We state PP&E at cost less accumulated depreciation and amortization. We calculate depreciation and amortization on a straight-line basis over the estimated useful lives of the assets as follows: 20 years for buildings, the lesser of 8 years and remaining lease term for leasehold improvements, 5 to 10 years for restaurant machinery and equipment and 3 to 5 years for capitalized software costs. We suspend depreciation and amortization on assets related to restaurants that are held for sale.

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

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

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 2—Summary of Significant Accounting Policies (Continued)

From time to time, we purchase the rights to use government-owned land for a fixed period of time. These land use rights are recorded in Other Assets in our Combined Balance Sheets as we are purchasing the right and are a legal party to the underlying land grant, and are amortized to rent expense on a straight-line basis over the term of the land use right.

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

Goodwill and Intangible Assets. From time to time, the Company acquires restaurants from our existing franchisees or acquires another business. Goodwill from these acquisitions represents the excess of the cost of a business acquired over the net of the amounts assigned to assets acquired, including identifiable intangible assets and liabilities assumed. Goodwill is not amortized and has been assigned to reporting units for purposes of impairment testing. Our reporting units are our individual operating segments.

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

If we record goodwill upon acquisition of a restaurant(s) from a franchisee and such restaurant(s) is then sold within two years of acquisition, the goodwill associated with the acquired restaurant(s) is written off in its entirety. If the restaurant is refranchised two years or more subsequent to its acquisition, we include goodwill in the carrying amount of the restaurants disposed of based on the relative fair values of the portion of the reporting unit disposed of in the refranchising and the portion of the reporting unit that will be retained. The fair value of the portion of the reporting unit disposed of in a refranchising is determined by reference to the discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee, which includes a deduction for the anticipated, future royalties the franchisee will pay us associated with the franchise agreement entered into simultaneously with the refranchising transition. The fair value of the reporting unit retained is based on the price a willing buyer would pay for the reporting unit and includes the value of franchise agreements. Appropriate adjustments are made if a franchise agreement includes terms that

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 2—Summary of Significant Accounting Policies (Continued)

are determined to not be at prevailing market rates. As such, the fair value of the reporting unit retained can include expected cash flows from future royalties from those restaurants currently being refranchised, future royalties from existing franchise businesses and company restaurant operations. As a result, the percentage of a reporting unit's goodwill that will be written off in a refranchising transaction will be less than the percentage of the reporting unit's Company-owned restaurants that are refranchised in that transaction.

We evaluate the remaining useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, we amortize the intangible asset prospectively over its estimated remaining useful life. Intangible assets that are deemed to have a definite life are generally amortized on a straight-line basis to their residual value.

We evaluate our indefinite-lived intangible assets for impairment on an annual basis or more often if an event occurs or circumstances change that indicate impairments might exist. We perform our annual test for impairment of our indefinite-lived intangible assets at the beginning of our fourth quarter. We may elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is greater than its carrying value. If a qualitative assessment is not performed, or if as a result of a qualitative assessment it is not more likely than not that the fair value of an indefinite-lived intangible asset exceeds its carrying value, then the asset's fair value is compared to its carrying value. Fair value is an estimate of the price a willing buyer would pay for the intangible asset and is generally estimated by discounting the expected future after-tax cash flows associated with the intangible asset.

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

Asset Retirement Obligations. We recognize an asset and a liability for the fair value of a required asset retirement obligation ("ARO") when such an obligation is incurred. The Company's AROs are primarily associated with leasehold improvements which, at the end of the lease, the Company is contractually obligated to remove in order to comply with the lease agreement. As such, we amortize the asset on a straight-line basis over the lease term and accrete the liability to its nominal value using the effective interest method over the lease term.

Retirement Plans. Certain of the Company's employees participate in noncontributory defined benefit plans and post-retirement medical plans sponsored by YUM. For these plans, the Company considers them to be part of multi-employer plans. We have allocated expenses related to our employees' participation in these plans in our Combined Statements of Income. However, our Combined Balance Sheets do not reflect any assets or liabilities related to these plans. We consider the expense allocation methodology and results to be reasonable for all periods presented. See Note 3 for additional information.

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 2—Summary of Significant Accounting Policies (Continued)

Net Earnings Per Share. We do not present historical net earnings per share as common stock was not part of the Company's capital structure for the periods presented.

Parent Company Investment. Parent Company Investment in the Combined Balance Sheets represents YUM's historical investment in the Company, the Company's accumulated net earnings after taxes, and the net effect of transactions with and allocations from YUM. The Combined Statements of Equity include net cash transfers to and from YUM and the Company. All intercompany transactions that are not cash settled through Parent Company Investment in the accompanying Combined Balance Sheets are considered to be settled at the time the transaction is recorded. The total net effect of the settlement of these transactions is reflected in financing activities in the accompanying Combined Statements of Cash Flows.

Note 3—Transactions with Parent

Allocation of Corporate Expenses

YUM has historically performed centralized corporate functions on our behalf. Accordingly, certain YUM costs have been allocated to the Company and reflected as expenses in these Combined Financial Statements. Management considers the allocation methodologies used to be reasonable and appropriate reflections of the historical Parent expenses attributable to the Company. The expenses reflected in the Combined Financial Statements may not be indicative of the actual expenses that would have been incurred during the periods presented if we had operated as a separate, stand-alone entity.

Corporate expense allocations primarily relate to centralized corporate functions, including finance, accounting, treasury, tax, legal, internal audit and risk management functions. In addition, corporate expense allocations include, among other costs, IT maintenance, professional fees for legal services and expenses related to litigation, investigations, or similar matters. Corporate allocations of $12 million, $11 million, and $12 million were allocated to the Company during fiscal years 2015, 2014 and 2013, respectively, and have been included in G&A expenses in the Combined Statements of Income. All of the corporate allocations of costs are deemed to have been incurred and settled through Parent Company Investment in the period where the costs were recorded. Following the separation, we will perform these functions using our own resources or purchased services.

License Fee

The Combined Statements of Income include a fee that was historically paid to YUM comprised of initial fees and continuing fees equal to 3% of net sales for both our Company and franchise restaurants. License fees due to YUM for our Company-owned stores are included within restaurant margin in Occupancy and other operating expenses in the Combined Statements of Income. License

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 3—Transactions with Parent (Continued)

fees due to YUM on franchise sales are included in Franchise expenses. Total license fees paid to YUM in 2015, 2014 and 2013 are reflected in the table below:

	2015	2014	2013
Initial fees—Company	$ 18	$ 17	$ 17
Initial fees—Franchise	3	2	2
Continuing fees—Company	201	200	198
Continuing fees—Franchise	47	46	45
Total	$ 269	$ 265	$ 262

Cash Management and Treasury

The Company funds its operations through cash generated from the operation of its Company-owned stores, franchise operations and dividend payments from our unconsolidated affiliates. Excess cash has historically been repatriated to YUM through intercompany loans or dividends. Transfers of cash both to and from YUM are included within Parent Company Investment on the Combined Statements of Equity. YUM has issued debt for general corporate purposes but in no case has any such debt been guaranteed or assumed by the Company or otherwise secured by the assets of the Company. As YUM debt and related interest is not directly attributable to the Company, no such amounts have been allocated to these Combined Financial Statements.

Note 4—Items Affecting Comparability of Net Income and Cash Flows

Little Sheep Impairment

On February 1, 2012 we acquired an additional 66% interest in Little Sheep for $540 million, net of cash acquired of $44 million, increasing our ownership to 93%. The primary assets recorded as a result of the acquisition and resulting consolidation of Little Sheep were the Little Sheep trademark and goodwill of approximately $400 million and $375 million, respectively.

Sustained declines in sales and profits in 2013 resulted in a determination that the Little Sheep trademark, goodwill and certain restaurant level PP&E were impaired during the quarter ended September 7, 2013. As a result, we recorded impairment charges to the trademark, goodwill and PP&E of $69 million, $222 million and $4 million, respectively, during the quarter ended August 31, 2013.

The Little Sheep business continued to underperform during 2014 with actual average-unit sales volumes and profit levels significantly below those assumed in our 2013 estimation of the Little Sheep trademark and reporting unit fair values. As a result, a significant number of Company-operated restaurants were closed or refranchised during 2014 with future plans calling for further focus on franchise-ownership for the Concept. We tested the Little Sheep trademark and goodwill for impairment in the fourth quarter of 2014 pursuant to our accounting policy. As a result of comparing the trademark's 2014 fair value estimate of $58 million to its carrying value of $342 million, we recorded a $284 million impairment charge. Additionally, after determining the 2014 fair value estimate of the Little Sheep reporting unit was less than its carrying value we wrote off Little Sheep's remaining goodwill balance of $160 million. The Company also evaluated other Little Sheep long-lived assets for impairment and recorded $14 million of restaurant-level PP&E impairment and a $5 million

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 4—Items Affecting Comparability of Net Income and Cash Flows (Continued)

impairment of our equity method investment in a meat processing business that supplies lamb to Little Sheep.

The losses related to Little Sheep that have occurred concurrent with our trademark and goodwill impairments in 2014 and 2013, none of which have been allocated to any segment for performance reporting purposes, are summarized below:

	2014	2013	Income Statement Classification
Impairment of Goodwill	$ 160	$ 222	Closures and impairment (income) expense
Impairment of Trademark	284	69	Closures and impairment (income) expense
Impairment of PP&E	14	4	Closures and impairment (income) expense
Impairment of Investment in Little Sheep Meat	5	—	Closures and impairment (income) expense
Tax Benefit	(76)	(18)	Income tax provision
Loss Attributable to Non-Controlling Interest	(26)	(19)	Net Income (loss) noncontrolling interests
Net loss	$ 361	$ 258	

Refranchising Gain, net

The Refranchising gain, net by reportable segment and All Other Segments is presented below. We do not allocate such gains and losses to our segments for performance reporting purposes.

	Refranchising gain, net		
	2015	2014	2013
KFC	$ 8	$ 17	$ 5
Pizza Hut Casual Dining	3	—	—
All Other Segments	2	—	—
Total Company	$ 13	$ 17	$ 5

Store Closure and Impairment Activity

Store closure (income) costs and Store impairment charges by reportable segment and All Other Segments are presented below. These tables exclude $463 million and $295 million of Little Sheep impairment losses in 2014 and 2013, respectively which were not allocated to any segment for performance reporting purposes.

	2015			
	Total Company	KFC	Pizza Hut Casual Dining	All Other Segments
Store closure (income) costs(a)	$ (6)	$ (7)	$ (2)	$ 3
Store impairment charges	70	57	10	3
Closure and impairment (income) expenses	$ 64	$ 50	$ 8	$ 6

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 4—Items Affecting Comparability of Net Income and Cash Flows (Continued)

	2014			
	Total Company	KFC	Pizza Hut Casual Dining	All Other Segments
Store closure (income) costs(a)	$ —	$ (2)	$ (1)	$ 3
Store impairment charges	54	43	3	8
Closure and impairment (income) expenses	$ 54	$ 41	$ 2	$ 11

	2013			
	Total Company	KFC	Pizza Hut Casual Dining	All Other Segments
Store closure (income) costs(a)	$ (1)	$ (4)	$ (1)	$ 4
Store impairment charges	31	27	2	2
Closure and impairment (income) expenses	$ 30	$ 23	$ 1	$ 6

(a) Store closure (income) costs include lease reserves established when we cease using a property under an operating lease and subsequent adjustments to those reserves, other facility-related expenses from previously closed stores and proceeds from forced store closures. Remaining lease obligations for closed stores were not material at December 31, 2015 or December 31, 2014.

Note 5—Franchise Fees and Income

	2015	2014	2013
Initial fees, including renewal fees	$ 9	$ 7	$ 5
Initial franchise fees included in Refranchising gain, net	(3)	(3)	(1)
	6	4	4
Continuing fees and rental income	114	109	101
Franchise fees and income	$ 120	$ 113	$ 105

Note 6—Other Income, net

	2015	2014	2013
Equity income from investments in unconsolidated affiliates	$ (41)	$ (30)	$ (26)
China poultry supply insurance recovery(a)	(5)	(25)	—
Loss associated with planned sale of aircraft(b)	15	—	—
Foreign exchange net loss and other	5	4	1
Other income, net	$ (26)	$ (51)	$ (25)

(a) Recoveries related to lost profits associated with a 2012 poultry supply incident.

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 6—Other Income, net (Continued)

(b) During 2015, we made the decision to dispose of a corporate aircraft. The loss associated with this planned sale reflects the shortfall of the expected proceeds, less any selling costs, over the carrying value of the aircraft.

Note 7—Supplemental Balance Sheet Information

Prepaid Expenses and Other Current Assets	As of December 31, 2015	2014
Assets held for sale(a)	$ 18	$ —
Prepaid rent	53	45
Other prepaid expenses and current assets	38	45
Prepaid expenses and other current assets	$ 109	$ 90

(a) Reflects the carrying value of a corporate aircraft (See Note 6).

Property, Plant and Equipment	As of December 31, 2015	2014
Buildings and improvements	$ 2,231	$ 2,237
Capital leases, primarily buildings	35	38
Machinery and equipment	1,171	1,253
Property, plant and equipment, gross	3,437	3,528
Accumulated depreciation and amortization	(1,596)	(1,527)
Property, plant and equipment, net	$ 1,841	$ 2,001

Depreciation and amortization expense related to property, plant and equipment was $408 million, $392 million and $377 million in 2015, 2014 and 2013, respectively.

Accounts Payable and Other Current Liabilities	As of December 31, 2015	2014
Accounts payable	$ 454	$ 501
Accrued capital expenditures	128	187
Accrued compensation and benefits	180	186
Accrued taxes, other than income taxes	42	42
Other current liabilities	122	88
Accounts payable and other current liabilities	$ 926	$ 1,004

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 7—Supplemental Balance Sheet Information (Continued)

Other Liabilities and Deferred Credits	As of December 31, 2015	2014
Deferred escalating minimum rent	$ 162	$ 163
Other noncurrent liabilities and deferred credits	72	66
Other liabilities and deferred credits	$ 234	$ 229

Note 8—Goodwill and Intangible Assets

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

	Total Company	KFC	Pizza Hut Casual Dining	All Other Segments(a)
Balance as of December 31, 2013				
Goodwill, gross	$ 478	$ 80	$ 11	387
Accumulated impairment losses	(222)	—	—	(222)
Goodwill, net	256	80	11	165
Impairment Losses	(160)	—	—	(160)
Disposals and other, net(b)	(7)	(2)	—	(5)
Balance as of December 31, 2014				
Goodwill, gross	471	78	11	382
Accumulated impairment losses	(382)	—	—	(382)
Goodwill, net	89	78	11	—
Disposals and other, net(b)	(4)	(3)	(1)	—
Balance as of December 31, 2015				
Goodwill, gross	467	75	10	382
Accumulated impairment losses	(382)	—	—	(382)
Goodwill, net	$ 85	$ 75	$ 10	$ —

(a) Goodwill and Accumulated impairment losses associated with Little Sheep. (See Note 4)

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

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 8—Goodwill and Intangible Assets (Continued)

Intangible assets, net as of December 31, 2015 and 2014 are as follows:

	2015		2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangible assets				
Reacquired franchise rights	$ 100	$ (66)	$ 105	$ (59)
Other	30	(13)	35	(14)
	$ 130	$ (79)	$ 140	$ (73)
Indefinite-lived intangible assets				
Little Sheep trademark	$ 56		$ 60	

Amortization expense for all definite-lived intangible assets was $13 million in 2015, $14 million in 2014 and $14 million in 2013. Amortization expense for definite-lived intangible assets will approximate $13 million in 2016, $13 million in 2017, $13 million in 2018, $5 million in 2019 and $2 million in 2020.

Note 9—Credit Facilities

Our bank credit agreements comprise two RMB300 million (approximately $92 million in total) revolving credit facilities (each a "Credit Facility"). Our three-year Credit Facility matured on April 30, 2016 but remains available to us and may be renewed until the bank completes its annual credit review process. It contains a cross-default provision whereby our failure to make any payment on a principal amount from the other Credit Facility will constitute a default on the agreement. Our one-year Credit Facility matures on February 16, 2017. Each Credit Facility bears interest based on the prevailing rate stipulated by the People's Bank of China and contains financial covenants including, among other things, limitations on certain additional indebtedness and liens, and certain other transactions specified in the agreement. Interest on any outstanding borrowings is due at least monthly. As of December 31, 2015, no amounts were outstanding under either credit facility and the full amount of borrowings were available to us under each credit facility.

Note 10—Leases

At December 31, 2015 we operated 5,768 restaurants, leasing the underlying land and/or building, with our commitments expiring within 20 years from the inception of the lease. In addition, the Company subleases approximately 160 properties to franchisees. Most leases require us to pay related executory costs, which include property taxes, maintenance and insurance.

We also lease office space for headquarters and support functions, as well as certain office and restaurant equipment. We do not consider any of these individual leases material to our operations.

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 10—Leases (Continued)

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

	Commitments		Lease Receivables	
	Capital	Operating	Direct Financing	Operating
2016	$ 3	$ 490	$ —	$ 16
2017	3	461	—	16
2018	3	427	—	15
2019	4	393	—	14
2020	4	359	—	12
Thereafter	37	1,419	—	25
	$ 54	$ 3,549	$ —	$ 98

At December 31, 2015 and December 31, 2014, the present value of minimum payments under capital leases was $35 million and $36 million, respectively. The current portion of capital lease obligations was $1 million and $2 million in 2015 and 2014, respectively, and is classified in Accounts payable and other current liabilities.

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

	2015	2014	2013
Rental expense			
Minimum	$ 516	$ 523	$ 530
Contingent	260	265	258
	$ 776	$ 788	$ 788
Rental income	$ 24	$ 20	$ 17

Note 11—Fair Value Disclosures

As of December 31, 2015 the carrying values of cash and cash equivalents, accounts receivable and accounts payable approximated their fair values because of the short-term nature of these instruments.

The following table presents expense recognized from all non-recurring fair value measurements during the years ended December 31, 2015 and 2014. All fair value measurements used in these impairment evaluations were based on unobservable inputs (Level 3). These amounts exclude fair value

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 11—Fair Value Disclosures (Continued)

measurements made for restaurants that were subsequently closed or refranchised prior to those respective year-end dates.

	2015	2014
Little Sheep impairment(a)	$ —	$ 463
Restaurant-level impairment(b)	51	35
Total	$ 51	$ 498

(a) Except for the Little Sheep trademark, which had a carrying value of $56 million at December 31, 2015, the remaining carrying value of assets measured at fair value due to the 2014 Little Sheep impairments is insignificant. See Note 4 for further discussion. Our 2014 fair value estimate of the Little Sheep trademark was determined using a relief-from-royalty valuation approach that included future revenues as a significant input and a discount rate of 13% as our estimate of the required rate-of-return that a third party buyer would expect to receive when purchasing the trademark. The primary drivers of the trademark's fair value were franchise revenue growth and revenues associated with a wholly-owned business that sells seasoning to retail customers. Franchise revenue growth reflected annual same store sales growth of 4% and approximately 35 new franchise units per year, partially offset by approximately 25 franchise closures per year. The retail seasoning business was forecasted to generate sales growth consistent with historical results. Our 2015 fair value estimate exceeded its carrying value using similar assumptions and methods as those used in 2014.

(b) Restaurant-level impairment charges are recorded in Closures and impairment (income) expenses and resulted primarily from our semi-annual impairment evaluation of long-lived assets of individual restaurants that were being operated at the time of impairment and had not been offered for refranchising. The fair value measurements used in these impairment evaluations were based on discounted cash flow estimates using unobservable inputs. The remaining net book value of assets measured at fair value during the years ended December 31, 2015 and December 31, 2014 is insignificant.

Note 12—Retirement Plans

Certain of the Company's employees participate in retirement plans administered and sponsored by YUM. For these plans, the Company has considered participating employees to be part of multi-employer plans. We have allocated expenses related to this participation in our Combined Statements of Income. However, as we are not the plan sponsor for these benefit plans, our Combined Balance Sheets do not reflect any assets or liabilities related to these plans. We consider the expense allocation methodology and results to be reasonable for all periods presented.

As stipulated by Chinese state regulations, the Company participates in a government-sponsored defined contribution retirement plan. Substantially all employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount of the geographical area of their last employment at their retirement date. We are required to make contributions to the local social security bureau between 10% and 22% of the previous year's average basic salary amount of the geographical area where the employees are under our employment. Contributions are recorded in the Combined

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 12—Retirement Plans (Continued)

Statements of Income as they become payable. We have no obligation for the payment of pension benefits beyond the annual contributions as set out above. The Company contributed $150 million, $147 million and $141 million to the plan for 2015, 2014 and 2013, respectively.

Note 13—Share-Based Compensation

Overview

Certain of the Company's employees participate in YUM's Long-term Incentive Plan (the "Plan") which provides employees with certain share-based awards as described below. Accordingly, certain costs related to the Plan have been allocated to the Company and are reflected in the Combined Statements of Income in G&A expenses. Under the Plan, the exercise price of stock options and SARs granted must be equal to or greater than the average market price or the ending market price of YUM's stock on the date of grant.

Potential awards to employees under the Plan include stock options, SARs, stock units, restricted stock units (RSUs), performance RSUs, performance share units (PSUs) and performance units. YUM has only issued stock options, SARs, RSUs and PSUs under the Plan. While awards can have varying provisions and exercise periods, outstanding awards vest in periods ranging from three to five years. Stock options and SARs expire ten years after grant.

Award Valuation

YUM estimated the fair value of each stock option and SAR award granted to the Company's employees as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2015	2014	2013
Risk-free interest rate	1.3%	1.6%	0.8%
Expected term (years)	6.5	6.3	6.3
Expected volatility	27.0%	29.9%	30.0%
Expected dividend yield	2.2%	2.1%	2.1%

Grants made to executives under the Plan typically have a graded vesting schedule of 25% per year over four years and expire ten years after grant. YUM uses a single weighted-average term for awards that have a graded vesting schedule. Based on analysis of the historical exercise and post-vesting termination behavior, YUM determined that executives exercised the awards on average after 6.5 years.

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

The fair values of RSU awards are based on the closing price of YUM stock on the date of grant. The fair values of PSU awards granted prior to 2013 are based on the closing price of YUM stock on the date of grant. Beginning in 2013, YUM granted PSU awards with market-based conditions which have been valued based on the outcome of a Monte Carlo simulation.

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 13—Share-Based Compensation (Continued)

Award Activity

Stock Options and SARs

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
Outstanding at the beginning of the year	4,165	$ 49.26		
Granted	753	74.27		
Exercised	(754)	36.90		
Forfeited or expired	(120)	69.20		
Transfers, net(a)	980	47.16		
Outstanding at the end of the year	5,024(b)	$ 53.98	5.70	$ 97
Exercisable at the end of the year	3,076	$ 44.86	4.30	$ 87

(a) Reflects awards previously granted to YUM employees who transferred into or out of the Company from or to another YUM Division during the year.

(b) Outstanding awards include 1,461 options and 3,563 SARs with weighted average exercise prices of $47.61 and $56.59, respectively.

The weighted-average grant-date fair value of stock options and SARs granted during 2015, 2014 and 2013 was $16.11, $17.45 and $14.56, respectively. The total intrinsic value of stock options and SARs exercised during the years ended December 31, 2015, December 31, 2014 and December 31, 2013, was $33 million, $16 million and $24 million, respectively.

As of December 31, 2015, there was $19 million of unrecognized compensation cost related to stock options and SARs, which will be reduced by any forfeitures that occur, related to unvested awards that is expected to be recognized over a remaining weighted-average period of approximately 1.7 years. The total fair value at grant date of awards that vested during 2015, 2014 and 2013 was $6 million, $7 million and $10 million, respectively.

RSUs and PSUs

As of December 31, 2015, there was $0.8 million of unrecognized compensation cost related to unvested RSUs and PSUs.

Impact on Net Income

Share-based compensation expense was $14 million, $13 million and $12 million for 2015, 2014 and 2013, respectively. Deferred tax benefits recognized totaled $3 million, $3 million and $2 million for 2015, 2014 and 2013, respectively.

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 14—Income Taxes

The Company's results have historically been included in the consolidated U.S. federal tax return and U.S. state income tax filings of YUM. Our foreign income tax returns, primarily those filed by our China subsidiaries, are filed on an individual entity basis. The Company has calculated its provision using the separate return method in these Combined Financial Statements. Under this method, the Company is assumed to have filed hypothetical tax returns on a stand-alone basis separate from YUM in the relevant tax jurisdictions. Any additional accrued tax liability attributable to the Company arising from the separate return method has been shown as settled against the net Parent company investment account in these Combined Financial Statements. The Company has recorded deferred taxes on its temporary differences, including hypothetical carryforwards and tax credits created by the separate tax return filings. The established current and deferred tax balances may not be indicative of the Company's actual balances prior or subsequent to the separation of operations from YUM.

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

	2015	2014	2013
U.S.	$ (7)	$ 15	$ (12)
China	502	—	251
Other Foreign	1	2	(5)
	$ 496	$ 17	$ 234

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

		2015	2014	2013
Current:	Federal	$ 7	$ 9	$ 6
	Foreign	132	149	178
		$ 139	$ 158	$ 184
Deferred:	Federal	$ (7)	$ (9)	$ (3)
	Foreign	36	(95)	(46)
		29	(104)	(49)
		$ 168	$ 54	$ 135

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

	2015		2014		2013	
U.S. federal statutory rate	$ 173	35.0%	$ 6	35.0%	$ 82	35.0%
Statutory rate differential attributable to foreign operations	(15)	(3.1)	5	32.2	(12)	(5.2)
Adjustments to reserves and prior years	3	0.6	(3)	(20.9)	(2)	(0.8)
Change in valuation allowances	12	2.4	13	79.8	17	7.4
Other, net	(5)	(1.0)	33	196.2	50	21.1
Effective income tax rate	$ 168	33.9%	$ 54	322.3%	$ 135	57.5%

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 14—Income Taxes (Continued)

Statutory rate differential attributable to foreign operations. This item includes local taxes, withholding taxes, and shareholder-level taxes, net of foreign tax credits. There is a favorable impact attributable to our income being earned in China where it is subject to a 25% tax rate, which is lower than the U.S. federal statutory rate of 35%.

In 2015, 2014 and 2013, this benefit was negatively impacted by the actual and deemed repatriation of current year foreign earnings to the U.S. as we recognized additional tax expense, resulting from the related effective tax rate being lower than the U.S. federal statutory rate.

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

In 2014 and 2013, this item was impacted by the favorable resolution of uncertain tax positions.

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

In 2015 and 2014, $12 million and $13 million, respectively, of net tax expense was driven by valuation allowances recorded against deferred tax assets generated during the current year.

In 2013, $17 million of net tax expense was driven by $13 million for valuation allowances recorded against deferred tax assets generated during the current year, as well as $4 million tax expense resulting from a change in judgment regarding the future use of certain deferred tax assets that existed at the beginning of the year.

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

In 2014 and 2013, this item was negatively impacted by the $160 million and $222 million, respectively, of non-cash impairments of Little Sheep goodwill, which resulted in no related tax benefit. See Note 4.

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 14—Income Taxes (Continued)

The details of deferred tax assets (liabilities) as of December 31, 2015 and 2014 are set forth below:

	2015	2014
Operating losses and tax credit carryforwards	$ 66	$ 54
Employee benefits	2	33
Share-based compensation	11	9
Deferred escalating minimum rent	43	42
Various liabilities	14	13
Deferred income and other	37	36
Gross deferred tax assets	173	187
Deferred tax asset valuation allowances	(45)	(34)
Net deferred tax assets	$ 128	$ 153
Intangible assets	$ (23)	$ (30)
Property, plant and equipment	(4)	(2)
Other	(9)	(3)
Gross deferred tax liabilities	$ (36)	$ (35)
Net deferred tax assets (liabilities)	$ 92	$ 118
Reported in Combined Balance Sheets as:		
Deferred income taxes	$ 116	$ 141
Other liabilities and deferred credits	(24)	(23)
	$ 92	$ 118

We have investments in our foreign subsidiaries where the carrying values for financial reporting exceed the tax basis. We have not provided deferred tax on the portion of the excess that we believe is indefinitely reinvested, as we have the ability and intent to indefinitely postpone the basis differences from reversing with a tax consequence. The China separation from YUM is intended to qualify as a tax-free reorganization for U.S. income tax purposes resulting in the excess of financial reporting over tax basis in our investment in the China business continuing to be indefinitely reinvested. This amount may become taxable upon an actual or deemed repatriation of assets from the subsidiaries or a sale or liquidation of the subsidiaries. We estimate that our total temporary difference upon which we have not provided deferred tax is approximately $1.6 billion at December 31, 2015. However, it is not practicable to determine the deferred tax liability on this amount due to uncertainty with regard to the timing or manner of repatriation and the related impact on local taxes, withholding taxes and foreign tax credits.

At December 31, 2015, the Company has operating loss carryforwards of $163 million, primarily related to our Little Sheep business, all of which will expire by 2020. These losses are being carried forward in jurisdictions where we are permitted to use tax losses from prior periods to reduce future taxable income. At December 31, 2015 the Company also has U.S. tax credit carryforwards of $25 million, all of which will expire by 2025.

Cash payments for tax liabilities on income tax returns filed in China were $143 million, $186 million and $174 million in 2015, 2014 and 2013, respectively.

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 14—Income Taxes (Continued)

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

A reconciliation of the beginning and ending amount of unrecognized tax benefits follows:

	2015	2014
Beginning of Year	$ 13	$ 20
Additions on tax positions	4	4
Reductions due to statute expiration	(2)	(11)
End of Year	$ 15	$ 13

During 2015 and 2014, we increased our unrecognized tax benefits by $4 million related to uncertainty with regard to the deductibility of certain business expenses incurred during the year. The Company believes it is reasonably possible its unrecognized tax benefits may decrease by approximately $3 million in the next twelve months, all of which, if recognized upon audit settlement or statute expiration, would affect the 2016 effective tax rate.

The Company's results are subject to examination in the U.S. federal jurisdiction as well as various U.S. state jurisdictions as part of the YUM income tax filings, and separately in foreign jurisdictions. Any liability arising from these examinations is expected to be settled among the Company, YCCL and YUM in accordance with the tax matters agreement.

YUM has settled audits with the IRS through fiscal year 2010. The Company's operations in foreign jurisdictions remain subject to examination for tax years as far back as 2010, some of which years are currently under audit by local tax authorities. The accrued interest and penalties related to income taxes are set forth below:

	As of December 31,	
	2015	2014
Accrued interest and penalties	$ 3	$ 3

During 2015, 2014 and 2013, a net expense of $1 million, and net benefit of $4 million and $3 million, respectively, for interest and penalties was recognized in our Combined Statements of Income as components of its income tax provision.

Note 15—Reportable Operating Segments

We have two reportable segments: KFC and Pizza Hut Casual Dining. We also have three non-reportable operating segments, Pizza Hut Home Service, East Dawning and Little Sheep, which are

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 15—Reportable Operating Segments (Continued)

combined and referred to as All Other Segments, as these operating segments are individually insignificant.

	Revenues		
	2015	2014	2013
KFC	4,768	4,893	4,995
Pizza Hut Casual Dining	1,825	1,696	1,522
All Other Segments	316	345	388
Total	$ 6,909	$ 6,934	$ 6,905

	Operating Profit; Interest Income, Net; and Income Before Income Taxes		
	2015	2014	2013
KFC(a)	499	435	456
Pizza Hut Casual Dining	145	176	235
All Other Segments	(14)	(44)	(54)
Unallocated and corporate expenses(b)	(144)	(143)	(123)
Unallocated Closures and impairment expense(b)(c)	—	(463)	(295)
Unallocated Other income(b)	(11)	25	5
Unallocated Refranchising gain(b)	13	17	5
Operating Profit	488	3	229
Interest income, net(b)	8	14	5
Income Before Income Taxes	$ 496	$ 17	$ 234

	Depreciation and Amortization		
	2015	2014	2013
KFC	283	286	283
Pizza Hut Casual Dining	109	92	73
All Other Segments	20	20	30
Corporate	13	13	8
	$ 425	$ 411	$ 394

	Capital Spending		
	2015	2014	2013
KFC	259	269	303
Pizza Hut Casual Dining	176	187	167
All Other Segments	16	23	26
Corporate	61	46	72
	$ 512	$ 525	$ 568

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 15—Reportable Operating Segments (Continued)

	Identifiable Assets	
	2015	2014
KFC(d)	1,577	1,773
Pizza Hut Casual Dining	718	694
All Other Segments	181	181
Corporate(e)	725	609
	$ 3,201	$ 3,257

	Long-Lived Assets(f)	
	2015	2014
KFC	1,248	1,424
Pizza Hut Casual Dining	616	584
All Other Segments	146	149
Corporate	23	60
	$ 2,033	$ 2,217

(a) Includes equity income from investments in unconsolidated affiliates of $41 million, $30 million and $26 million in 2015, 2014 and 2013, respectively.

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

(c) Represents 2014 and 2013 impairment losses related to Little Sheep. See Note 4.

(d) Includes investments in 3 unconsolidated affiliates totaling $61 million and $51 million for 2015 and 2014, respectively.

(e) Primarily includes cash and inventories that are centrally managed.

(f) Includes property, plant and equipment, net, goodwill, and intangible assets, net.

Note 16—Contingencies

China Tax on Indirect Transfers of Assets

In February 2015, the Chinese State Administration of Taxation ("SAT") issued the SAT's Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises ("Bulletin 7"). Pursuant to Bulletin 7, an "indirect transfer" of Chinese taxable assets, including equity interests in a China resident enterprise ("Chinese interests"), by a non-resident enterprise, may be recharacterized and treated as a direct transfer of Chinese taxable assets, if such arrangement does not have reasonable commercial purpose and the transferor has avoided payment of Chinese enterprise income tax. As a result, gains derived from such an indirect transfer may be subject to Chinese enterprise income tax at a rate of 10%.

YUM has informed us that it believes that it is more likely than not that YUM will not be subject to this tax with respect to the distribution. However, given how recently Bulletin 7 was promulgated, there are significant uncertainties regarding what constitutes a reasonable commercial purpose, how the

Notes to Combined Financial Statements (Continued)

(Tabular amounts in millions, except share data)

Note 16—Contingencies (Continued)

safe harbor provisions for group restructurings are to be interpreted and how the taxing authorities will ultimately view the planned distribution. As a result, YUM's position could be challenged by Chinese tax authorities resulting in a 10% tax assessed on the difference between the fair market value and the tax basis of the separated China business. As YUM's tax basis in the China business is minimal, the amount of such a tax could be significant.

Any tax liability arising from the application of Bulletin 7 to the planned distribution is expected to be settled in accordance with the tax matters agreement among the Company, YCCL and YUM. Such a settlement could be significant and have a material adverse effect on our results of operations and our financial condition.

Unconsolidated Affiliates Guarantees

From time to time we have guaranteed certain lines of credit and loans of unconsolidated affiliates. At December 31, 2015 there are no guarantees outstanding for unconsolidated affiliates. Our unconsolidated affiliates had total revenues of approximately $1 billion for the year ended December 31, 2015 and assets and debt of approximately $350 million and $50 million, respectively, at December 31, 2015.

Legal Proceedings

The Company is subject to various lawsuits covering a variety of allegations from time to time. The Company believes that the ultimate liability, if any, in excess of amounts already provided for these matters in the Combined Financial Statements, is not likely to have a material adverse effect on the Company's results of operations, financial condition or cash flows. Matters faced by the Company from time to time include, but are not limited to, claims from landlords, employees, customers and others related to operational, contractual or employment issues.

Note 17—Subsequent Events

The Company evaluates subsequent events in accordance with ASC Topic 855, Subsequent Events. Subsequent events were evaluated through May 3, 2016, the date the Combined Financial Statements were available to be issued.

Condensed Combined Statements of Income

Yum China Holdings, Inc.

(in millions—Unaudited)

	Year to date	
	5/31/2016	5/31/2015
Revenues		
Company sales	$ 2,836	$ 2,843
Franchise fees and income	55	49
Total revenues	2,891	2,892
Costs and Expenses, Net		
Company restaurants		
Food and paper	847	907
Payroll and employee benefits	587	577
Occupancy and other operating expenses	960	982
Company restaurant expenses	2,394	2,466
General and administrative expenses	170	168
Franchise expenses	31	29
Closures and impairment expenses, net	31	19
Refranchising gain, net	(4)	(4)
Other income, net	(27)	(14)
Total costs and expenses, net	2,595	2,664
Operating Profit	296	228
Interest income, net	4	2
Income Before Income Taxes	300	230
Income tax provision	(78)	(65)
Net income—including noncontrolling interests	222	165
Net income—noncontrolling interests	–	–
Net Income—Yum China Holdings, Inc.	$ 222	$ 165

See accompanying Notes to Condensed Combined Financial Statements.

Condensed Combined Statements of Comprehensive Income

Yum China Holdings, Inc.

(in millions—Unaudited)

	Year to date	
	5/31/2016	5/31/2015
Net income—including noncontrolling interests	$ 222	$ 165
Other comprehensive loss, net of tax:		
Foreign currency gains (losses) arising during the period	(29)	1
Comprehensive Income—including noncontrolling interests	193	166
Comprehensive Income (loss)—noncontrolling interests	1	(1)
Comprehensive Income—Yum China Holdings, Inc.	$ 192	$ 167

See accompanying Notes to Condensed Combined Financial Statements.

Condensed Combined Statements of Cash Flows

Yum China Holdings, Inc.

(in millions—Unaudited)

	Year to date	
	5/31/2016	5/31/2015
Cash Flows—Operating Activities		
Net Income—including noncontrolling interests	$ 222	$ 165
Depreciation and amortization	171	179
Closures and impairment expenses	31	19
Refranchising gain	(4)	(4)
Deferred income taxes	(29)	1
Equity income from investments in unconsolidated affiliates	(26)	(16)
Distributions of income received from unconsolidated affiliates	13	4
Excess tax benefits from share-based compensation	(1)	(3)
Share-based compensation expense	5	5
Changes in accounts receivable	(15)	10
Changes in inventories	(30)	25
Changes in prepaid expenses and other current assets	7	(4)
Changes in accounts payable and other current liabilities	35	8
Changes in income taxes payable	25	(3)
Other, net	18	10
Net Cash Provided by Operating Activities	422	396
Cash Flows—Investing Activities		
Capital spending	(172)	(235)
Changes in short-term investments, net	(54)	(16)
Proceeds from refranchising of restaurants	13	8
Other, net	(1)	(2)
Net Cash Used in Investing Activities	(214)	(245)
Cash Flows—Financing Activities		
Net transfers to Parent	(118)	(104)
Payment of capital lease obligations	(1)	(2)
Excess tax benefits from share-based compensation	1	3
Net Cash Used in Financing Activities	(118)	(103)
Effect of Exchange Rates on Cash and Cash Equivalents	(7)	–
Net Increase in Cash and Cash Equivalents	83	48
Cash and Cash Equivalents—Beginning of Period	425	238
Cash and Cash Equivalents—End of Period	$ 508	$ 286

.

See accompanying Notes to Condensed Combined Financial Statements

Condensed Combined Balance Sheets

Yum China Holdings, Inc.

(in millions)

	5/31/2016 (Unaudited)	12/31/2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 508	$ 425
Accounts receivable, net	117	76
Inventories	216	189
Prepaid expenses and other current assets	151	109
Total Current Assets	992	799
Property, plant and equipment, net	1,742	1,841
Goodwill	83	85
Intangible assets, net	101	107
Investments in unconsolidated affiliates	46	61
Other assets	187	192
Deferred income taxes	142	116
Total Assets	$ 3,293	$ 3,201
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	$ 921	$ 926
Income taxes payable	47	22
Total Current Liabilities	968	948
Capital lease obligations	31	34
Other liabilities and deferred credits	236	234
Total Liabilities	1,235	1,216
Redeemable Noncontrolling Interest	–	6
Equity		
Parent Company investment	1,900	1,791
Accumulated other comprehensive income	100	130
Total Equity—Yum China Holdings, Inc.	2,000	1,921
Noncontrolling interests	58	58
Total Equity	2,058	1,979
Total Liabilities, Redeemable Noncontrolling Interest and Equity	$ 3,293	$ 3,201

See accompanying Notes to Condensed Combined Financial Statements.

Notes to Condensed Combined Financial Statements (Unaudited)

(Tabular amounts in millions)

Note 1—Description of the Business

On October 20, 2015, Yum! Brands, Inc. ("YUM" or the "Parent") announced that it intended to separate into two independent publicly traded companies each with a separate strategic focus. YUM plans to distribute to its shareholders all outstanding shares of Yum China Holdings, Inc. (the "Company"), which will hold directly or indirectly, the assets and liabilities associated with YUM's operations in China. References to the Company throughout these Condensed Combined Financial Statements are made using the first person notations of "we," "us" or "our."

The Company operates and owns, franchises or has ownership in entities that own and operate restaurants under the KFC, Pizza Hut Casual Dining, Pizza Hut Home Service, East Dawning and Little Sheep concepts (collectively, the "Concepts"). The operating results of these Concepts in China have historically been included in the China Division segment of YUM's Consolidated Financial Statements. Upon separation of the Company from YUM, Yum! Restaurants Asia Pte. Ltd., a wholly-owned indirect subsidiary of YUM, and Yum Restaurants Consulting (Shanghai) Company Limited ("YCCL"), a wholly-owned indirect subsidiary of the Company, will enter into a 50-year master license agreement with automatic renewals for additional consecutive renewal terms of 50 years each, subject only to YCCL being in "good standing" and unless YCCL gives notice of its intent to not renew, for the exclusive right to use and sublicense the use of intellectual property owned by YUM and its subsidiaries for the development and operation of the KFC, Pizza Hut Casual Dining and Pizza Hut Home Services brands and their related marks and other intellectual property rights for restaurant services in China. In addition, subject to certain agreed-upon milestones, the Company has an exclusive license under the master license agreement to operate and develop Taco Bell restaurants and use the related marks in China. In exchange we will pay a license fee to YUM equal to 3% of net sales for both our Company and franchise restaurants. We will continue to own the East Dawning and Little Sheep intellectual property and will pay no license fee related to these concepts.

Completion of the transaction will be subject to certain conditions, including, among others, receiving final approval from YUM's board of directors, receipt of various regulatory approvals, receipt of opinions of YUM's external tax advisors with respect to certain tax matters, the effectiveness of filings related to public listing in the United States of America and applicable securities laws, and other terms and conditions as may be determined by YUM's board of directors. The transaction is expected to be completed around October 31, 2016, and is intended to qualify as a tax-free reorganization for U.S. federal income tax purposes.

The operations of each Concept represent an operating segment of the Company within these Condensed Combined Financial Statements. We have two reportable segments: KFC and Pizza Hut Casual Dining. Our remaining operating segments, including the operations of Pizza Hut Home Service, East Dawning and Little Sheep, are combined and referred to as All Other Segments, as those operating segments are individually insignificant.

Note 2—Basis of Presentation

We have prepared our accompanying unaudited Condensed Combined Financial Statements in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by Generally Accepted Accounting Principles in the United States ("GAAP") for complete financial statements. These statements should be read in conjunction with the Combined Financial

Notes to Condensed Combined Financial Statements (Unaudited) (Continued)

(Tabular amounts in millions)

Note 2—Basis of Presentation (Continued)

Statements and notes thereto for the Company for the year ended December 31, 2015 included elsewhere in this amendment to the initial Form 10.

Our preparation of the accompanying Condensed Combined Financial Statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the Condensed Combined Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

These accompanying Condensed Combined Financial Statements have been prepared on a stand-alone basis and are derived from YUM's Condensed Consolidated Financial Statements and underlying accounting records. Transactions between the Company and the Parent that were not cash settled were considered to be effectively settled at the time the transactions are recorded.

The Condensed Combined Financial Statements include all revenues, costs, assets and liabilities directly attributable to the Company either through specific identification or allocation. The Condensed Combined Statements of Income include allocations for certain of YUM's Corporate functions which provide a direct benefit to the Company. These costs have been allocated based on Company system sales relative to YUM's global system sales. System sales includes the sales results of all restaurants regardless of ownership. All allocated costs have been deemed to have been paid to the Parent in the period in which the costs were recorded. The Company considers the cost allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had the Company operated as an independent, publicly traded company for the periods presented. See Note 3 for further discussion.

The accompanying Condensed Combined Financial Statements include all normal and recurring adjustments considered necessary to present fairly, when read in conjunction with the Combined Financial Statements and notes thereto for the year ended December 31, 2015 included elsewhere in this amendment to the initial Form 10, our financial position as of May 31, 2016, and the results of our operations, comprehensive income and cash flows for the years to date ended May 31, 2016 and May 31, 2015. Our results of operations, comprehensive income and cash flows for these interim periods are not necessarily indicative of the results to be expected for the full year.

Our fiscal year ends on December 31. As a subsidiary of YUM, the Company operates on a fiscal monthly calendar, with two months in the first quarter, three months in the second and third quarters and four months in the fourth quarter.

Note 3—Transactions with Parent

Allocation of Corporate Expenses

YUM has historically performed centralized corporate functions on our behalf. Accordingly, certain YUM costs have been allocated to the Company and reflected as expenses in these Condensed Combined Financial Statements. Management considers the allocation methodologies used to be reasonable and appropriate reflections of the historical Parent expenses attributable to the Company. The expenses reflected in the Condensed Combined Financial Statements may not be indicative of the actual expenses that would have been incurred during the periods presented if we had operated as a separate, stand-alone entity.

Notes to Condensed Combined Financial Statements (Unaudited) (Continued)

(Tabular amounts in millions)

Note 3—Transactions with Parent (Continued)

Corporate expense allocations primarily relate to centralized corporate functions, including finance, accounting, treasury, tax, legal, internal audit and risk management functions. In addition, corporate expense allocations include, among other costs, IT maintenance, professional fees for legal services and expenses related to litigation, investigations, or similar matters. Corporate allocations of $6 million were allocated to the Company during each of the years to date ended May 31, 2016 and May 31, 2015, respectively and have been included in G&A expenses in the Condensed Combined Statements of Income. All of the corporate allocations of costs are deemed to have been incurred and settled through Parent Company Investment in the period where the costs were recorded. Following the separation, we will perform these functions using our own resources or purchased services.

License Fee

The Condensed Combined Statements of Income include a fee that was historically paid to YUM comprised of initial fees and continuing fees equal to 3% our Company and franchise sales. License fees due to YUM for our Company-owned stores are included within restaurant margin in Occupancy and other operating expenses in the Condensed Combined Statements of Income. License fees due to YUM on franchise sales are included in Franchise Expenses. Total license fees paid during the years to date ended May 31, 2016 and May 31, 2015, respectively are reflected in the table below:

	Year to date	
	2016	2015
Initial fees—Company	$ 4	$ 6
Initial fees—Franchise	1	1
Continuing Fees—Company	82	83
Continuing Fees—Franchise	22	20
Total	$ 109	$ 110

Cash Management and Treasury

The Company funds its operations through cash generated from the operation of its Company-owned stores, franchise operations and dividend payments from our unconsolidated affiliates. Excess cash has historically been repatriated to YUM through intercompany loans or dividends. Transfers of cash both to and from YUM are included within Parent Company Investment on the Condensed Combined Balance Sheets. YUM has issued debt for general corporate purposes but in no case has any such debt been guaranteed or assumed by the Company or otherwise secured by the assets of the Company. As YUM debt and related interest is not directly attributable to the Company, no such amounts have been allocated to these Condensed Combined Financial Statements.

Notes to Condensed Combined Financial Statements (Unaudited) (Continued)

(Tabular amounts in millions)

Note 4—Items Affecting Comparability of Net Income and Cash Flows

Refranchising Gain, net

The Refranchising gain, net by reportable segment and All Other Segments is presented below. We do not allocate such gains and losses to our segments for performance reporting purposes.

	Year to date	
	2016	2015
KFC	$ 4	$ 2
Pizza Hut Casual Dining	–	1
All Other Segments	–	1
Total Company	$ 4	$ 4

Store Closure and Impairment Activity

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

	Year to date 2016			
	Total Company	KFC	Pizza Hut Casual Dining	All Other Segments
Store closure (income) costs(a)	$ (6)	$ (4)	$ (1)	$ (1)
Store impairment charges	37	25	11	1
Closure and impairment (income) expenses	$ 31	$ 21	$ 10	$ –

	Year to date 2015			
	Total Company	KFC	Pizza Hut Casual Dining	All Other Segments
Store closure (income) costs(a)	$ (3)	$ (4)	$ (1)	$ 2
Store impairment charges	22	19	2	1
Closure and impairment (income) expenses	$ 19	$ 15	$ 1	$ 3

(a) Store closure (income) costs include lease reserves established when we cease using a property under an operating lease and subsequent adjustments to those reserves, other facility-related expenses from previously closed stores and proceeds from forced store closures. Remaining lease obligations for closed stores were not material at May 31, 2016 or December 31, 2015.

Notes to Condensed Combined Financial Statements (Unaudited) (Continued)

(Tabular amounts in millions)

Note 5—Other Income, net

	Year to date	
	2016	2015
Equity income from investments in unconsolidated affiliates	$ (26)	$ (16)
Foreign exchange net (gain) loss and other	(1)	2
Other income, net	$ (27)	$ (14)

Note 6—Supplemental Balance Sheet Information

Prepaid Expenses and Other Current Assets	5/31/2016	12/31/2015
Assets held for sale(a)	$ 17	$ 18
Prepaid rent	39	53
Short-term investments	53	–
Other prepaid expenses and current assets	42	38
Prepaid expenses and other current assets	$ 151	$ 109

(a) Reflects the carrying value of a corporate aircraft.

Property, Plant and Equipment	5/31/2016	12/31/2015
Buildings and improvements	$ 2,192	$ 2,231
Capital leases, primarily buildings	33	35
Machinery and equipment	1,100	1,171
Property, plant and equipment, gross	3,325	3,437
Accumulated depreciation and amortization	(1,583)	(1,596)
Property, plant and equipment, net	$ 1,742	$ 1,841

Accounts Payable and Other Current Liabilities	5/31/2016	12/31/2015
Accounts payable	$ 495	$ 454
Accrued capital expenditures	93	128
Accrued compensation and benefits	157	180
Accrued taxes, other than income taxes	18	42
Other current liabilities	158	122
Accounts payable and other current liabilities	$ 921	$ 926

Other Liabilities and Deferred Credits	5/31/2016	12/31/2015
Deferred escalating minimum rent	$ 161	$ 162
Other noncurrent liabilities and deferred credits	75	72
Other liabilities and deferred credits	$ 236	$ 234

Notes to Condensed Combined Financial Statements (Unaudited) (Continued)

(Tabular amounts in millions)

Note 6—Supplemental Balance Sheet Information (Continued)

Noncontrolling Interests

Noncontrolling interests represent the ownership interests of minority shareholders of the entities that operate KFC restaurants in Beijing and Shanghai, China. At December 31, 2015 the Redeemable noncontrolling interest comprised the 7% ownership interest in Little Sheep held by the Little Sheep founding shareholders, and was classified outside of permanent equity on our Condensed Consolidated Balance Sheets due to redemption rights held by the founding Little Sheep shareholders. During the quarter ended May 31, 2016, the Little Sheep founding shareholders sold their remaining 7% Little Sheep ownership interest to the Company pursuant to their redemption rights. The difference between the purchase price of less than $1 million, which was determined using a non-fair value based formula pursuant to the agreement governing the redemption rights, and the carrying value of their redeemable noncontrolling interest was recorded as an $8 million loss attributable to noncontrolling interests. Consistent with our 2012 gain on the acquisition of Little Sheep and subsequent impairments of Little Sheep goodwill and intangible assets in 2013 and 2014, this loss attributable to noncontrolling interest is not being allocated to any segment operating results. A reconciliation of the beginning and ending carrying amount of the equity attributable to noncontrolling interests is as follows:

	Noncontrolling Interests	Redeemable Noncontrolling Interest
Balance at December 31, 2015	$ 58	$ 6
Net income (loss)—noncontrolling interests	7	1
Noncontrolling interest loss upon redemption	–	(8)
Dividends declared	(7)	–
Currency translation adjustments and other	–	1
Balance at May 31, 2016	$ 58	$ –

Note 7—Fair Value Measurements

As of May 31, 2016 the carrying values of cash and cash equivalents, short-term investments, accounts receivable and accounts payable approximated their fair values because of the short-term nature of these instruments.

In addition, certain of the Company's assets such as property, plant and equipment, goodwill and intangible assets, are measured at fair value on a non-recurring basis if determined to be impaired. During the year to date ended May 31, 2016, we recorded restaurant-level impairment (Level 3) of $33 million, excluding impairment recorded associated with stores that were being closed. The remaining net book value of the assets measured at fair value as of May 31, 2016, subsequent to these impairments, was not significant.

Note 8—Income Taxes

	Year to date	
	2016	2015
Income tax provision	$ 78	$ 65
Effective tax rate	26.2%	28.0%

Notes to Condensed Combined Financial Statements (Unaudited) (Continued)

(Tabular amounts in millions)

Note 8—Income Taxes (Continued)

Our effective tax rate was lower than the U.S. federal statutory rate of 35% primarily due to the majority of our income being earned outside the U.S. where tax rates are generally lower than the U.S. rate.

Note 9—Reportable Operating Segments

We have two reportable segments: KFC and Pizza Hut Casual Dining. We also have three non-reportable operating segments, Pizza Hut Home Service, East Dawning and Little Sheep, which are combined and referred to as All Other Segments, as these operating segments are individually insignificant. The following tables summarize Revenues and Operating Profit for each of our reportable operating segments:

	Year to date	
	2016	2015
Revenues		
KFC	2,028	1,961
Pizza Hut Casual Dining	742	792
All Other Segments	121	139
Total	$ 2,891	$ 2,892

	Year to date	
	2016	2015
Operating Profit		
KFC(a)	300	209
Pizza Hut Casual Dining	52	82
All Other Segments	(3)	(3)
Unallocated and corporate expenses(b)	(61)	(64)
Unallocated Other income	4	–
Unallocated Refranchising gain(b)	4	4
Operating Profit	296	228
Interest income, net(b)	4	2
Income Before Income Taxes	$ 300	$ 230

(a) Includes equity income from investments in unconsolidated affiliates of $26 million and $16 million for the years to date ended May 31, 2016 and May 31, 2015, respectively.

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

Note 10—Contingencies

China Tax on Indirect Transfers of Assets

In February 2015, the Chinese State Administration of Taxation issued the SAT's Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises. Pursuant to Bulletin 7, an "indirect transfer" of Chinese taxable assets,

Notes to Condensed Combined Financial Statements (Unaudited) (Continued)

(Tabular amounts in millions)

Note 10—Contingencies (Continued)

including equity interests in a Chinese resident enterprise, by a non-resident enterprise, may be recharacterized and treated as a direct transfer of Chinese taxable assets, if such arrangement does not have reasonable commercial purpose and the transferor has avoided payment of Chinese enterprise income tax. As a result, gains derived from such an indirect transfer may be subject to Chinese enterprise income tax at a rate of 10%.

YUM has informed us that it believes that it is more likely than not that YUM will not be subject to this tax with respect to the distribution. However, given how recently Bulletin 7 was promulgated, there are significant uncertainties regarding what constitutes a reasonable commercial purpose, how the safe harbor provisions for group restructurings are to be interpreted and how the taxing authorities will ultimately view the planned distribution. As a result, YUM's position could be challenged by Chinese tax authorities resulting in a 10% tax assessed on the difference between the fair market value and the tax basis of the separated China business. As YUM's tax basis in the China business is minimal, the amount of such a tax could be significant.

Any tax liability arising from the application of Bulletin 7 to the planned distribution is expected to be settled in accordance with the tax matters agreement among the Company, YCCL and YUM. Such a settlement could be significant and have a material adverse effect on our results of operations and our financial condition.

Unconsolidated Affiliates Guarantees

From time to time we have guaranteed certain lines of credit and loans of unconsolidated affiliates. As of May 31, 2016, there are no guarantees outstanding for unconsolidated affiliates. Our unconsolidated affiliates had total revenues of approximately $480 million for the year to date ended May 31, 2016 and assets and debt of approximately $310 million and $20 million, respectively, at May 31, 2016.

Legal Proceedings

We are subject to lawsuits, administrative proceedings and claims that arise in the ordinary course of our business. These matters typically involve claims from landlords, customers, employee wage and hour claims and others related to operational issues common to the restaurant industry. While the resolution of a lawsuit, proceeding or claim may have an impact on our financial results for the period in which it is resolved, we believe that the final disposition of the lawsuits, proceedings and claims in which we are currently involved, either individually or in the aggregate, will not have a material adverse effect on our financial position, results of operations or liquidity.

Note 11—Subsequent Events

The Company evaluates subsequent events in accordance with ASC Topic 855, Subsequent Events. Subsequent events were evaluated through August 1, 2016, the date the Condensed Combined Financial Statements were available to be issued.