Cautionary Statement on Forward-Looking Statements & Non-GAAP Measures

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend all forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the fact that they do not relate strictly to historical or current facts and by the use of forward-looking words such as “expect,” “expectation,” “believe,” “anticipate,” “may,” “could,” “intend,” “belief,” “plan,” “estimate,” “target,” “predict,” “project,” “likely,” “will,” “continue,” “should,” “forecast,” “outlook” or similar terminology. These statements are based on current estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable under the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Forward-looking statements include, without limitation, statements regarding the future strategies, business plans, investment plans, earnings, performance and returns of Yum China, anticipated effects of population and macroeconomic trends, and the expected impact of the COVID-19 outbreak, the anticipated effects of our digital and delivery capabilities on growth and beliefs regarding the long-term drivers of Yum China’s business. Forward-looking statements are not guarantees of performance and are inherently subject to known and unknown risks and uncertainties that are difficult to predict and could cause our actual results or events to differ materially from those indicated by those statements. We cannot assure you that any of our expectations, estimates or assumptions will be achieved. The forward-looking statements included in this presentation are only made as of the date of this presentation, and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances, except as required by law. Numerous factors could cause our actual results or events to differ materially from those expressed or implied by forward-looking statements, including, without limitation: whether we are able to achieve development goals at the times and in the amounts currently anticipated, if at all, the success of our marketing campaigns and product innovation, our ability to maintain food safety and quality control systems, the changes in public health conditions, including the COVID-19 outbreak, our ability to control costs and expenses, including tax costs, as well as changes in political, economic and regulatory conditions in China. In addition, other risks and uncertainties not presently known to us or that we currently believe to be immaterial could affect the accuracy of any such forward-looking statements. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. You should consult our filings with the Securities and Exchange Commission (including the information set forth under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K) for additional detail about factors that could affect our financial and other results. This presentation includes certain non-GAAP financial measures. Reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures are included in this presentation where indicated. You are urged to consider carefully the comparable GAAP measures and reconciliations.
Overview

Q1 2020 Business Highlights

Q1 2020 Financial Results
Yum China by the Numbers – a Powerful Business

#1 Western QSR & CDR brands in China

9,200+ stores in 1,400+ cities in China

25 logistics centers

NYSE listed with $16bn market cap

#362 Fortune 500 2019

250 mn+ digital members of KFC and Pizza Hut

Note: Store, logistic center and member counts as of March 31, 2020; Market cap as of the close of March 31, 2020; Fortune 500 ranking in terms of sales.
Our Long-Term Strategy

SUSTAINABLE PLATFORM FOR GROWTH

YUM CHINA BRAND PORTFOLIO

ENABLED BY THREE PILLARS ACROSS BRANDS

AND CROSS FUNCTIONAL CAPABILITIES

SUPPORTED BY FOUNDER’S MENTALITY CULTURE

Potential to grow to 20,000 stores over the long term, >2x today’s store base
全球最创新的餐饮先锋

The World's Most Innovative Pioneer In The Restaurant Industry
Digital Strategy: Connecting with Our Consumers
Digital Strategy: Driving Efficiency Across the Business

Customer

Omni Channel Services

Data & AI Driven Marketing

Intelligent Supply Chain

Optimising Labor Productivity

Yum China
Yum China Investment Highlights

**Solid track record since spin-off**
- 2.3 new stores opened per day

**Strong balance sheet & cash flow generation**
- $1.66bn total revenue
- 7% CAGR
- 12% CAGR
- Free cashflow ($mn)
  - 2017: 469
  - 2018: 863
  - 2019: 750
- 2 short-term investments
- Operating Profit
  - 2017: $12%
  - 2018: $361mn/year
  - 2019: In 2017-2019

**Track record of shareholder returns**
- Dividends & Share repurchases ($mn)
  - 2017: 166
  - 2018: 474
  - 2019: 442

**Responsible corporate**
- DJSI: Top 5 in REX industry
- Bloomberg Gender-Equality Index (1 of 3 Chinese companies selected) for 2 years
- Named “Top Employer China” by the Top Employers Institute for 2 years

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1 2016-2019 CAGR; 2 As of 2019 year-end; 3 Average of 2017-2019; 4 Restaurant & Leisure
Overview

Q1 2020 Business Highlights

Q1 2020 Financial Results
Achieved $97mn Operating Profit in Q1
Digital Order Contributed to 80% of Sales

- $1.75 bn Revenue
- System sales declined 20%*
- Same store sales declined 15%*
- $97 mn Operating Profit

- Digital order contributed to 80% of sales, including 35% from delivery, +16ppts y/y
- 250 mn+ members, and over 50% member sales

- Opened 179 new stores, reaching a total of 9,295 stores
- Maintained new store cash payback of ~2 years for KFC and ~3-4 years for Pizza Hut
- Returned $52 mn to shareholders
- $1.54 bn Cash and short-term investment as of March 31

* Stated in constant currency basis.
Our Top Priority is to Ensure the Health and Safety of our Employees and Customers

Temperature check for staff
Temperature check for customers
Strengthened cleaning & disinfection
Sanitizer and gloves available for customers
Staff wear face masks at all times

Temperature check for customers
Strengthened cleaning & disinfection
Sanitizer and gloves available for customers
Pioneered Contactless Delivery in Late January

Six Key Actions

1. Rider temperature checks
2. Face masks for entire delivery journey
3. Handwashing pre and post deliveries
4. Delivery box disinfected after every delivery
5. Temperature logs for each delivery
6. Safe distance at point of delivery
Contactless Takeaway Leveraged Our Digital Capabilities: Mobile Pre-order and Self Order Kiosks

Contactless takeaway:  Mobile pre-order  or  Self order kiosk  Pick up

4 steps for safe, Contactless takeaway

Pre- order and pick up

Kiosks disinfected regularly

Dedicated counters for Contactless takeaway (some stores)
Supporting the Medical Staff and Frontline Workers

Donated RMB 3 million to support hospital workers in Wuhan
Yum China provided 170,000+ free meals to 1,450+ hospitals and community health centers
KFC: Resilient Business Model Supported by Digital, Delivery, Takeaway and Solid Execution

Q1 2020 HIGHLIGHTS

- Same store sales down 11%¹
- System sales down 15%¹
- Restaurant margin, down 6.4ppt y/y
- 165 new store openings
- Operating profit of $153mn² down 45%¹

Focused on operation, digital marketing and Delivery/takeaway

- 84% Digital order
- 32% Delivery sales, up 14ppt y/y, led by our own channels
- 225mn+ Members
- 62% Member sales

¹ Stated in constant currency basis.
² Segment Operating Profit before unallocated shared service costs.
### New Coffee Privilege
- **38 yuan for 30 days**
- Members enjoy discounts at KFC, Youku (streaming platform), Eleme (food aggregator) and Taopiaopiao (ticketing platform)

### Cross-brands Privilege
- **666神卡。6**
- 6大权益，最高劲省488元
- 每天1次任一早餐半价第6折
- 每天1次任一午餐精选小食第6折
- 6种中杯咖啡第6元
- 惠普会员享额外优惠
- 每日优酷会员享20元优惠
- 38元30天每天1杯1元

### Lunch Privilege
- **28 yuan for 30 days**
- 12 combo choices
- Limited to 200,000

### Corporate Delivery
- **Big ticket delivery**
- Tailor-made menu
Launched Great Value to Drive Traffic

Crazy Thursday
- Single bone chicken: 19.9 yuan/15 pieces
- Rice dumpling with salted egg: Save 53 yuan

Value Bucket
- Value Breakfast: Breakfast combo from 6 yuan

Value Breakfast
- Coffee Trial: Free coffee to acquire new coffee users
Selective New Products as the Situation Stabilized

- **Chicken & Mushroom**
  - Festive food: Rice dumpling filled with salted egg

- **Rice Dumpling**
  - Assorted spicy mushrooms & chicken burger

- **Durian Egg-tart**
  - Egg tart with durian lava and marshmallow

- **Tea-infused Egg**
  - Oolong tea-infused hard boiled egg
## Q1 2020 HIGHLIGHTS

**Same store sales**
- Down 31%¹

**System sales**
- Down 38%¹

**Operating loss**
- Of $28mn²

### Focused on operation, digital marketing and Delivery/takeaway
- Promoted individual meal set and ready-to-cook steak

### 0.3% Restaurant margin, down 14.0ppt y/y

### 11 new store openings

### 7 remodels

### 65% Digital order

### 48% Delivery sales, up 24ppt y/y, led by our own channels

### 70mn+ Members

### 44% Member sales

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¹ Stated in constant currency basis.
² Segment Operating Profit before unallocated shared service costs.
Launched Great New Products before Chinese New Year

<table>
<thead>
<tr>
<th>Cod Fish Pizza</th>
<th>Chinese Barbecue Pork Pizza</th>
<th>Crayfish Mozzarella Pasta</th>
<th>White Wine Ice cream</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cod fish with salted egg</td>
<td>Barbecue pork with honey sauce</td>
<td>Crayfish with mozzarella cheese</td>
<td>Maotai ice cream</td>
</tr>
</tbody>
</table>
Focus on Delivery and Takeaway During Outbreak

**Delivery BOGO offer**

¥39 for two shrimp baked rice

**Steak Delivery**

¥49 for one steak

**Delivery Privilege**

2 free deliveries a day (for orders over ¥39), can save up to ¥540 a month

**Takeaway Offer**

¥149 plus tax for a steak combo

Valentine’s Day offer: save ¥94 on a steak combo

¥94 for a steak combo

¥149 for a steak combo
Ready-to-Cook Steak Offered for Takeaway or Delivery
One-Person Set Meal and Privilege

One-person set meal from 25 yuan;
Steak set from 36 yuan

Privilege for takeaway
18 yuan for 30 days
Opened Lavazza’s First Flagship Store in Asia

Joint venture partnership with the Lavazza Group
Opened a new Lavazza flagship store in Shanghai
Completed the Acquisition of Huang Ji Huang in April

640+ restaurants in China and internationally, primarily under franchise model
Huang Ji Huang – an industry-leading simmer pot brand
San Fen Bao – a newly launched Chinese fast food concept
Overview

Q1 2020 Business Highlights

Q1 2020 Financial Results
<table>
<thead>
<tr>
<th>Quarter</th>
<th>Gross New Stores</th>
<th>Total Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 Q1</td>
<td>203</td>
<td>8,112</td>
</tr>
<tr>
<td>19 Q1</td>
<td>237</td>
<td>8,653</td>
</tr>
<tr>
<td>20 Q1</td>
<td>179</td>
<td>9,295</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Q1</td>
<td>144</td>
<td>5,602</td>
</tr>
<tr>
<td>19 Q1</td>
<td>191</td>
<td>6,078</td>
</tr>
<tr>
<td>20 Q1</td>
<td>165</td>
<td>6,661</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Q1</td>
<td>41</td>
<td>2,214</td>
</tr>
<tr>
<td>19 Q1</td>
<td>34</td>
<td>2,249</td>
</tr>
<tr>
<td>20 Q1</td>
<td>11</td>
<td>2,271</td>
</tr>
</tbody>
</table>

Majority of New Stores Opened in January
Q1 Financials Impacted by COVID-19 Outbreak

Sales Growth¹

System sales growth (%)

- 6% 18 Q1
- 9% 19 Q1
- -20% 20 Q1

Same-store sales growth (%)

- 3% 18 Q1
- 4% 19 Q1
- -15% 20 Q1

Profit Margin

Restaurant Margin (%)

- 17.9% 18 Q1
- 18.5% 19 Q1
- 10.7% 20 Q1

Operating Profit (OP) ($ mn)

- 395 18 Q1
- 303 19 Q1
- 97 20 Q1

Net Income & EPS

Net Income (NI) ($ mn)

- 288 18 Q1
- 222 19 Q1
- 62 20 Q1

Diluted EPS ($)

- 0.72 18 Q1
- 0.57 19 Q1
- 0.16 20 Q1

Note: 2018 OP, NI and EPS included gain from re-measurement of equity interest upon Wuxi KFC acquisition.

¹Stated in constant currency basis.
Sales Deleverage is the Main Factors of OP Decline

<table>
<thead>
<tr>
<th>Operating Profit ($ mn)</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>303</td>
<td>303</td>
</tr>
<tr>
<td></td>
<td>97</td>
<td>98</td>
</tr>
</tbody>
</table>

**Key Factors for Q1 Year-Over-Year Movement**

- Sales deleverage impact from same-store sales decline and temporary store closure
- Wage and commodity inflation
- Increased proportion of sales to delivery thus higher rider costs
- Labor productivity improvement
- One-time relief provided by landlords and government agencies
- Savings in G&A expenses

<table>
<thead>
<tr>
<th></th>
<th>YoY</th>
<th>YoY ex F/X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Profit</td>
<td>-68%</td>
<td>-67%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>-67%</td>
<td>-66%</td>
</tr>
</tbody>
</table>

Note: See the appendix for a reconciliation to the adjusted measures
KFC Sales Down 15%\(^1\), Remained Profitable

**Sales Growth\(^1\) (%)**

<table>
<thead>
<tr>
<th>Period</th>
<th>System Sales Growth</th>
<th>Same-store Sales Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 Q1</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>19 Q1</td>
<td>11%</td>
<td>5%</td>
</tr>
<tr>
<td>20 Q1</td>
<td>-15%</td>
<td>-11%</td>
</tr>
</tbody>
</table>

**Restaurant Margin (%)**

<table>
<thead>
<tr>
<th>Period</th>
<th>2018 Q1</th>
<th>2019 Q1</th>
<th>2020 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20.9%</td>
<td>20.0%</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

**Operating Profit ($ mn)\(^2\)**

<table>
<thead>
<tr>
<th>Period</th>
<th>2018 Q1</th>
<th>2019 Q1</th>
<th>2020 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>296</td>
<td>288</td>
<td>153</td>
</tr>
</tbody>
</table>

\(^1\) Stated in constant currency basis.
\(^2\) Segment Operating Profit before unallocated shared service costs.
Pizza Hut Sales Down 38%\(^1\), Operating Losses

**Sales Growth\(^1\) (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>System sales growth</th>
<th>Same-store sales growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 Q1</td>
<td>-1%</td>
<td>-5%</td>
</tr>
<tr>
<td>19 Q1</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>20 Q1</td>
<td>-38%</td>
<td>-31%</td>
</tr>
</tbody>
</table>

**Restaurant Margin (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>18 Q1</th>
<th>19 Q1</th>
<th>20 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
<td>10.5%</td>
<td>14.3%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

**Operating Profit ($ mn)\(^2\)**

<table>
<thead>
<tr>
<th>Year</th>
<th>18 Q1</th>
<th>19 Q1</th>
<th>20 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
<td>34</td>
<td>50</td>
<td>-28</td>
</tr>
</tbody>
</table>

---

\(^1\) Stated in constant currency basis.
\(^2\) Segment Operating Profit before unallocated shared service costs.
Digital Order Increased Substantially in 2020 Q1

**Members (mn)**

- 17 YE: 110+
- 18 YE: 160+
- 19 YE: 215+
- 20 Q1: 225+

**Member Sales**

- 17 Q1: 24%
- 18 Q1: 38%
- 19 Q1: 49%
- 20 Q1: 62%

**Digital Order**

- 19 Q1: 55%
- 20 Q1: 84%

- 17 YE: 35+
- 18 YE: 50+
- 19 YE: 70+
- 20 Q1: 70+

- 17 Q1: 5%
- 18 Q1: 46%
- 19 Q1: 40%
- 20 Q1: 44%

- 17 YE: 29%
- 18 YE: 65%
- 19 Q1: 29%
- 20 Q1: 65%
### Strong Increases in Delivery and Takeaway

<table>
<thead>
<tr>
<th>Delivery Sales</th>
<th>Delivery Store Coverage</th>
<th>Delivery City Coverage</th>
<th>Takeaway Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KFC</strong></td>
<td><strong>Pizza Hut</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Delivery Sales

- **Coverage:**
  - 11% 14% 18% 32% (2017 Q1-20 Q1)

#### Delivery Store Coverage

- **Coverage:**
  - 57% 66% 75% 79% (2017 Q1-20 Q1)

#### Delivery City Coverage

- **Coverage:**
  - 63% 82% 93% 96% (2017 Q1-20 Q1)

#### Takeaway Sales

- **Coverage:**
  - ~30% ~40% (2019 Q1-20 Q1)

---

**Note:** Delivery as % of Company sales exclude KFC Wuxi in 2017 and 2018, include KFC Wuxi since 2018.

---

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Penetrating into Lower Tiers with Healthy Return

**Lower Tier Penetration**

Store Mix in Tier 3-6

- **All Stores**
  - KFC: 55%
  - Pizza Hut: 45%

- **YTD Gross New Openings**
  - KFC: 41%
  - Pizza Hut: 41%

**Drive New Unit Return**

- **Tier 1-2**
  - KFC: ~2 yrs
  - Pizza Hut: ~3-4 yrs

- **Tier 3-6**
  - KFC: ~2 yrs
  - Pizza Hut: ~3-4 yrs

**Remodel**

- **YUMC:**
  - 19 Q1: 28
  - 20 Q1: 67

1 Refers to Average Pre-tax Cash Payback Period; Includes units opened in 2018, after deduction of 3% license fee.
Despite Strong Balance Sheet, Temporarily Suspend Share Repurchases and Dividends as Cautious Actions

<table>
<thead>
<tr>
<th>Cash and short-term investments</th>
<th>2020 Q1</th>
<th>2019 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of Mar 31</td>
<td>$1.54 bn</td>
<td>$1.53 bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net cash from operating activities</th>
<th>2020 Q1</th>
<th>2019 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Mar</td>
<td>$60 mn</td>
<td>$344 mn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Free cash flow from operations</th>
<th>2020 Q1</th>
<th>2019 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Mar</td>
<td>-$27 mn</td>
<td>$234 mn</td>
</tr>
</tbody>
</table>

**Dividends**

Since spin-off: $426 mn
20 Q1: $45 mn

**Share Repurchases**

Since spin-off: $708 mn
20 Q1: $7 mn

**Quarterly Cash Dividend per Share ($)**

<table>
<thead>
<tr>
<th>17'Q4-18'Q3</th>
<th>18'Q4-20'Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.10</td>
<td>0.12</td>
</tr>
</tbody>
</table>

**Total Program ($ mn)**

- Authorization: 1,400
- Used: 708
- Remaining: 692

The Company will temporarily suspend share repurchases and, for the next 2 quarters, dividends

Note: Free cash flow is net operating cash flow less capital spending of $87 million in 2020 Q1 and $110 million in 2019 Q1
2020 Outlook and Strategic Priorities

2020 FINANCIAL TARGETS
- 800-850 gross new units, excluding Huang Ji Huang
- $500-550 million Capex
- Targets subject to revision based on the impact from COVID-19

STRATEGIC PRIORITIES
- Top priority is to safeguard the health and safety of our employees and customers
- Restore restaurant traffic and adjust operations to the “new normal”
- Continue to drive innovation and offer great value to consumers
- Vigilant cost management to offset inflation and sales deleveraging
- Invest in key growth opportunities including new stores, digital, supply chain and technology capabilities
**Appendix: Reconciliation of Reported Results to Non-GAAP Measures**

**Detail of Special Items**

<table>
<thead>
<tr>
<th></th>
<th>3/31/2020</th>
<th>3/31/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner PSU awards</td>
<td>(1)</td>
<td>—</td>
</tr>
<tr>
<td>Special Items, Operating Profit</td>
<td>(1)</td>
<td>—</td>
</tr>
<tr>
<td>Tax effect on Special Items</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Impact from the Tax Act</td>
<td>—</td>
<td>(8)</td>
</tr>
<tr>
<td>Special Items, net income – including noncontrolling interests</td>
<td>(1)</td>
<td>(8)</td>
</tr>
<tr>
<td>Special Items, net income – noncontrolling interests</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Special Items, Net Income – Yum China Holdings, Inc.</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Weighted Average Diluted Shares Outstanding (in millions)</td>
<td>386</td>
<td>388</td>
</tr>
<tr>
<td>Special Items, Diluted Earnings Per Common Share</td>
<td>$—</td>
<td>$(0.02)</td>
</tr>
</tbody>
</table>

**Reconciliation of Operating Profit to Adjusted Operating Profit**

<table>
<thead>
<tr>
<th></th>
<th>3/31/2020</th>
<th>3/31/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Profit</td>
<td>97</td>
<td>$303</td>
</tr>
<tr>
<td>Special Items, Operating Profit</td>
<td>(1)</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted Operating Profit</td>
<td>98</td>
<td>$303</td>
</tr>
</tbody>
</table>

**Reconciliation of Net Income to Adjusted Net Income**

<table>
<thead>
<tr>
<th></th>
<th>3/31/2020</th>
<th>3/31/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income – Yum China Holdings, Inc.</td>
<td>62</td>
<td>$222</td>
</tr>
<tr>
<td>Special Items, Net Income – Yum China Holdings, Inc.</td>
<td>(1)</td>
<td>(8)</td>
</tr>
<tr>
<td>Adjusted Net Income – Yum China Holdings, Inc.</td>
<td>63</td>
<td>$230</td>
</tr>
</tbody>
</table>

**Reconciliation of EPS to Adjusted EPS**

<table>
<thead>
<tr>
<th></th>
<th>3/31/2020</th>
<th>3/31/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Earnings Per Common Share</td>
<td>0.16</td>
<td>$0.59</td>
</tr>
<tr>
<td>Special Items, Basic Earnings Per Common Share</td>
<td>(0.01)</td>
<td>(0.02)</td>
</tr>
<tr>
<td>Adjusted Basic Earnings Per Common Share</td>
<td>$0.17</td>
<td>$0.61</td>
</tr>
<tr>
<td>Diluted Earnings Per Common Share</td>
<td>0.16</td>
<td>$0.57</td>
</tr>
<tr>
<td>Special Items, Diluted Earnings Per Common Share</td>
<td>—</td>
<td>(0.02)</td>
</tr>
<tr>
<td>Adjusted Diluted Earnings Per Common Share</td>
<td>0.16</td>
<td>$0.59</td>
</tr>
</tbody>
</table>

**Reconciliation of Effective Tax Rate to Adjusted Effective Tax Rate**

<table>
<thead>
<tr>
<th></th>
<th>3/31/2020</th>
<th>3/31/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective tax rate</td>
<td>32.7%</td>
<td>28.9%</td>
</tr>
<tr>
<td>Impact on effective tax rate as a result of Special Items</td>
<td>0.3%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Adjusted effective tax rate</td>
<td>32.4%</td>
<td>26.5%</td>
</tr>
</tbody>
</table>

(a) Amounts presented as of and for the quarter ended March 31, 2020 and 2019 are unaudited.
(b) In February 2020, the Company granted a special award of performance stock units (“Partner PSU Awards”) to selected employees who were deemed critical to the Company’s execution of its strategic operating plan. The vesting of the awards are subject to market conditions and performance conditions, and the Company recognized a share-based compensation cost on a straight-line basis over the services period, when performance conditions are probable of being achieved.
(c) We completed the evaluation of the impact on our transition tax computation based on the final regulations released by the U.S. Treasury Department and the U.S. Internal Revenue Service in the first quarter of 2019 and recorded an additional tax expense of $8 million for the transition tax accordingly.