

YUM BRANDS INC  
Form 11-K  
June 30, 2011  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(D) OF THE SECURITIES EXCHANGE ACT OF  
1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ to \_\_\_\_\_

COMMISSION FILE NUMBER: 1-13163

A. FULL TITLE OF THE PLAN AND THE ADDRESS OF THE PLAN, IF DIFFERENT FROM THAT OF THE  
ISSUER  
NAMED BELOW:

YUM! BRANDS 401(K) PLAN

B. NAME OF ISSUER OF THE SECURITIES HELD PURSUANT TO THE PLAN AND THE  
ADDRESS OF ITS PRINCIPAL EXECUTIVE OFFICE:

YUM! BRANDS, INC.  
1441 GARDINER LANE  
LOUISVILLE, KENTUCKY 40213

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YUM! BRANDS 401(k) PLAN

Financial Statements and Supplemental Schedule

December 31, 2010 and 2009

(With Report of Independent Registered Public Accounting Firm Thereon)

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YUM! BRANDS 401(k) PLAN

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Report of Independent Registered Public Accounting Firm

Plan Administrator and Participants of the YUM! Brands 401(k) Plan:

We have audited the accompanying Statements of Net Assets Available for Benefits of the YUM! Brands 401(k) Plan (the Plan) as of December 31, 2010 and 2009, and the related Statements of Changes in Net Assets Available for Benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these 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 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 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2010 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP  
Louisville, Kentucky  
June 29, 2011

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YUM! BRANDS 401(k) PLAN  
 Statements of Net Assets Available for Benefits  
 December 31, 2010 and 2009  
 (In thousands)

	2010	2009
Assets:		
Investments:		
Investments, at fair value:		
YUM! Stock Fund	\$218,623	\$171,585
Investment in common/commingled trusts	281,313	247,835
Self-directed brokerage	6,090	5,559
Total investments	506,026	424,979
Receivables:		
Participant loans	14,538	14,783
Participant contributions	205	241
Employer contributions	166	193
Interest and dividends	33	56
Due from broker for sale of investments	—	465
Total receivables	14,942	15,738
Total assets	520,968	440,717
Liabilities:		
Other liabilities	(158)	) (225 )
Total liabilities	(158)	) (225 )
Net assets available for benefits at fair value	\$520,810	\$440,492
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	790	2,562
Net assets available for benefits	\$521,600	\$443,054

See accompanying notes to financial statements.

YUM! BRANDS 401(k) PLAN  
 Statements of Changes in Net Assets Available for Benefits  
 Years ended December 31, 2010 and 2009  
 (In thousands)

	2010	2009
Investment income:		
Net appreciation in fair value of investments:		
YUM! Stock Fund	\$65,700	\$18,028
Common/commingled trusts	28,319	33,475
Self-directed brokerage	748	953
Interest	686	890
Dividends and other	4,119	4,081
	99,572	57,427
Less investment expenses	(563)	) (558)
Net investment income	99,009	56,869
Contributions:		
Participant	25,463	27,140
Employer	14,431	15,575
Total contributions	39,894	42,715
Deductions from net assets attributed to:		
Benefits paid to participants	(60,357)	) (48,627)
Net increase in net assets	78,546	50,957
Net assets available for benefits:		
Beginning of period	443,054	392,097
End of period	\$521,600	\$443,054

See accompanying notes to financial statements.

YUM! BRANDS 401(k) PLAN  
Notes to Financial Statements  
December 31, 2010 and 2009

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(Tabular amounts in thousands)

(1) Summary Plan Description

The following description of the YUM! Brands 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

YUM! Brands, Inc. (the Company) adopted the Plan effective October 7, 1997 as a result of the spin-off of the Company from PepsiCo, Inc. The Plan is a successor of the PepsiCo Long Term Savings Program. Any employee within a group or class so designated by the Plan document is eligible to participate in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act, as amended (ERISA).

The investments of the Plan are maintained in a trust (the Trust) by State Street Bank and Trust Company (the Trustee) who has been appointed as Trustee by the Plan. The Trustee is responsible for the management and control of the Plan's assets.

ING Institutional Plan Services, LLC serves as the recordkeeper for the Plan.

On October 1, 2001, the Plan was amended to adopt a safe harbor matching contribution, in accordance with Internal Revenue Code (IRC) section 401(k)(12)(B).

(b) Contributions

Each participant in the Plan may elect to contribute eligible earnings, as defined in the Plan document, up to 75%. The maximum pre-tax annual contribution allowed for calendar years 2010 and 2009 was \$16,500.

Eligible participants receive a matching contribution from the Company that is equal to 100% of such salary deferral contribution that does not exceed 6% of the participant's eligible pay for such pay period. Participants direct the investment of contributions into various investment options offered by the Plan. The Company may also make discretionary contributions to the Plan. No discretionary contributions were made by the Company during 2010 or 2009.

The Plan allows eligible participants to make additional tax-deferred contributions. Participants eligible to make additional tax-deferred contributions must be 50 years or older by the end of the calendar year in which they want to make the additional tax-deferred contribution. These contributions are made in the same manner as salary deferral contributions and are deposited in the participant's salary deferral account. These contributions are not subject to the eligible earnings limitation as defined by the Plan. Thus, a participant can contribute more than their eligible earnings of pay to the extent needed to make an additional tax-deferred contribution. The 2010 and 2009 annual ERISA limits on these contributions were \$5,500. Additional tax-deferred contributions are not eligible for Company matching contributions.

(c) Investment Options

YUM! Stock Fund

This fund pools participants' contributions to buy shares of the Company's Common Stock. The fund also holds short-term investments to provide the fund with liquidity to make distributions. The fund is paid cash dividends from its investments in the Company's Common Stock, which are used to purchase additional shares of the Company's Common Stock.

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YUM! BRANDS 401(k) PLAN  
Notes to Financial Statements  
December 31, 2010 and 2009  
(Tabular amounts in thousands)

Stable Value Fund

The Stable Value Fund invests in a diversified portfolio of stable value contracts issued by insurance companies, banks and other financial institutions. The Stable Value Fund utilizes high-quality fixed income securities wrapped by a contract issued by an insurance company, bank or other financial institution.

Large Company Index Fund

The Fund invests in all 500 stocks in the S&P 500 Index in proportion to their weighting in the S&P 500 Index. The Fund may also hold 2-5% of its value in futures contracts (an agreement to buy or sell a specific security by a specific date at an agreed upon price).

Bond Market Index Fund

The Fund invests primarily in government, corporate, mortgage-backed and asset-backed securities. The Fund invests in a well-diversified portfolio that is representative of the broad domestic bond market.

Mid-sized Company Index Fund

The Fund invests in all 400 stocks in the S&P MidCap 400 Index (MidCap Index) in proportion to their weighting in the MidCap Index. The Fund may also hold 2-5% of its value in futures contracts.

Small Company Index Fund

The Fund attempts to invest in all 2,000 stocks in the Russell 2000 Index (Russell Index) in proportion to their weighting in the Russell Index. The Fund may also hold 2-5% of its value in futures contracts.

International Index Fund

The Fund typically invests in all the stocks in the Morgan Stanley Capital International Europe, Australasia, and Far East Index (International Index) in proportion to their weighting in the International Index.

YUM! Retirement Date Funds

The Funds invest in a diversified selection of investments with the asset mix for each fund designed to provide an appropriate combination of risk and growth potential based on an expected retirement date. The Funds investments may include U.S. large cap stocks, U.S. small and mid cap stocks, international stocks, global REITS, intermediate bonds, inflation-protected securities and high quality short duration bonds.

All investments, with the exception of the YUM! Stock Fund, are classified as common/commingled trusts.

(d) Participants Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations of Plan earnings and administrative expenses are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

YUM! BRANDS 401(k) PLAN  
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(Tabular amounts in thousands)

(e) Participant Loans

The Plan has a loan program for participants. The maximum amount a participant may borrow, when aggregated with all other outstanding loans of the participant, is the lesser of: a) 50% of the participant's vested interest under the Plan; b) \$50,000 reduced by the excess of the highest outstanding loan balance during the preceding one-year period ending on the day prior to the date the loan was made, over the outstanding balance of loans on the date the loan was made; c) 100% of the value of the participant's investment in certain funds; or d) the maximum loan amount that can be amortized by the participant's net pay. Loans are generally outstanding for up to four years. The interest rate for loans is based on the prime rate as of the last day of the month before the loan request plus 1%. A participant may have up to two loans outstanding from the Plan at any time. A one-time loan origination fee is charged to those participants who obtain a loan. Interest on loans is allocated to each of the funds based upon the participant's investment election percentages. For each month or part thereof the loan remains outstanding, the borrowing participant may be assessed a monthly administration fee. Any loans outstanding shall become immediately due and payable in full if the participant's employment is terminated. Principal and interest is paid ratably through monthly payroll deductions.

As required by Section 526 of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, no interest rate shall be more than 6% for the loan of any participant during the period that the participant is serving in the United States military. This limit includes traditional interest and any other service charge or other fee with respect to the loan.

The loans are secured by the balance in the participant's account. Outstanding loans bear interest at rates that range from 4.25% to 9.25% with maturity dates ranging from 2010 to 2014, as of December 31, 2010.

(f) Vesting

Participants are fully vested in the entire value of their accounts upon contribution, including the Company matching contribution.

(g) Payment of Benefits

Distributions under the Plan are made upon a participant's death, disability, retirement, hardship or termination of employment. Benefit payments are made in the form of a lump sum cash amount or in kind distribution. An in kind distribution is limited to the Participant's interest in the Company's Common Stock and certain securities held in the Self-directed Brokerage funds.