December 10, 2012

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

File Reference No. EITF 11Ar

Dear Sir/Madam:

Yum! Brands, Inc. ("YUM") thanks you for the opportunity to comment on the exposure draft of the proposed revised accounting standards update, Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity, issued on October 11, 2012 ("the Revised Update"). YUM is a worldwide quick service restaurant company that operates, franchises and licenses a system of approximately 38,000 restaurants in more than 120 countries through its three restaurant concepts (KFC, Pizza Hut and Taco Bell). Our consolidated financial statements are presented in U.S. Dollars, and a large percentage of our business is conducted by consolidated foreign entities with non U.S. Dollar functional currencies, resulting in translation adjustments upon consolidation. Accordingly, the Revised Update may have a significant impact on our financial statements.

From time to time our consolidated foreign entities with non U.S. dollar functional currencies sell company operated restaurants, which constitute a business, to franchisees. In certain instances in the past when we have sold such company-operated restaurants we have retained ownership of other restaurants within the same entity or retained assets (including the underlying real estate) related to the company-operated restaurants we have sold. The net assets retained prevented such transactions from meeting the threshold for release of CTA under the substantially complete liquidation provisions of ASC 830. Accordingly, in these situations, the full amount of CTA remained on the books despite the sale of a significant portion of the entity’s assets that created the CTA. Based on these experiences, we continue to agree with the intent of the original exposure draft issued regarding this matter on December 11, 2011 to require release of CTA, measured in a systematic and rational manner that reflects the asset group’s relative portion of the cumulative translation adjustment associated with the related foreign entity, upon loss of control or sale of assets in a consolidated foreign subsidiary that constitute a business.
The Revised Update seeks to resolve diversity in practice about whether Subtopic 810-10, Consolidation—Overall, or Subtopic 830-30, Foreign Currency Matters—Translation of Financial Statements, applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity.

Given the discussion above, we are providing comment to your question #3 below:

**Question 3: Do you agree that the proposed amendments clearly differentiate the treatment for releasing the cumulative translation adjustment between events occurring within a foreign entity and events related to an investment in a foreign entity? If so, please explain.**

While we believe that the amendments clearly differentiate the treatment for releasing the cumulative translation adjustment between events occurring within a foreign entity and events related to an investment in a foreign entity, we believe additional clarity should be provided as to the definition of a foreign entity within the Revised Update. The Revised Update does not expand on the current definition of “foreign entity”, which under ASC 830-30-20, is defined as “An operation (for example, subsidiary, division, branch, joint venture, and so forth) whose financial statements are both: a) Prepared in a currency other than the reporting currency of the reporting entity and b) Combined or consolidated with or accounted for on the equity basis in the financial statements of the reporting entity.

Under the current definition we believe there are different methodologies for determining foreign entities, which result in different outcomes regarding the release of the cumulative translation adjustment for economically similar transactions. We believe that such differences have the potential to be far more impactful to the accounting for cumulative translation adjustments than the diversity that is addressed in the Update regarding whether ASC 810-10 or ASC 830-30 should apply.

We appreciate the opportunity to express our opinion on this matter and would be pleased to discuss our comments in greater detail if requested.

Sincerely,

David E. Russell
Vice President, Corporate Controller