

TRICON GLOBAL RESTAURANTS INC
Form 8-K
May 01, 2002

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

April 29, 2002

Commission file number 1-13163

TRICON GLOBAL RESTAURANTS, INC.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of
incorporation or organization)

13-3951308

(IRS Employer
Identification No.)

1441 Gardiner Lane, Louisville, Kentucky 40213
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (502) 874-8300

Former name or former address, if changed since last report: N/A

Item 5. OTHER EVENTS

On April 29, 2002 TRICON Global Restaurants, Inc. issued a press release with respect to their earnings for the first quarter ended March 23, 2002. A copy of such press release is attached hereto as Exhibit 99 and incorporated herein by reference.

Item 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

99 Press release dated April 29, 2002 from TRICON Global Restaurants, Inc.

2

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TRICON GLOBAL RESTAURANTS, INC.
(Registrant)

Date: May 1, 2002

/s/ Brent A. Woodford
Vice President and Controller
(Principal Accounting Officer)

3

**TRICON GLOBAL RESTAURANTS, INC. REPORTS FIRST-QUARTER
ONGOING OPERATING EARNINGS OF \$0.80 PER SHARE**

UP 37% FROM \$0.59 A YEAR AGO

**RAISES FULL-YEAR 2002 ONGOING OPERATING EPS
GUIDANCE TO \$3.63 - \$3.70 FROM \$3.56 - \$3.63**

REPORTS APRIL (PERIOD 4) SALES

LOUISVILLE, Ky., April 29, 2002 - Tricon Global Restaurants, Inc. (NYSE: YUM) reported results for the first quarter ended March 23, 2002.

Key components of first-quarter performance:

- Tricon's worldwide revenues increased 7%; ongoing operating profit increased 24%.
- For Tricon's international business, revenues increased 10% in U.S. dollar terms or 13% prior to foreign exchange conversion. Ongoing operating profit increased 11% in U.S. dollar terms or 16% prior to foreign exchange conversion.
- For the U.S. business, revenues increased 6% and ongoing operating profit increased 25%. Restaurant margin increased 1.9 percentage points.
- Tricon generated over \$280 million in cash, prior to \$132 million of capital spending.

Financial Highlights

(\$ Million Except Per-Diluted-Share Amounts)

	Q1	% Change Vs. Prior Year
System Sales	5,243	5
Revenues	1,614	7
Ongoing Operating Earnings	124	41
As % of Revenue	7.7%	+1.8 pts
Ongoing Operating EPS	0.80	37
Net Facility Actions EPS	(0.05)	NM
Unusual Items EPS	0.05	NM
Reported EPS	0.80	37

David C. Novak, Chairman and CEO said, "First quarter results reflect our ongoing progress in growing revenues and earnings in both our international and U.S. businesses. Continued global expansion with outstanding returns led to double-digit increases in international ongoing operating profit, both in U.S. dollars and prior to foreign currency conversion. Each of our U.S. brands posted same-store sales growth, which led to substantially increased restaurant-level margin and 25% ongoing operating profit growth for the U.S. business.

During the quarter, we executed two initiatives that will accelerate two of our long-term revenue-driving strategies: leading the way in multibrand innovation and improving day-to-day restaurant operations. First, we signed a

definitive agreement to acquire Long

4

John Silver's and A&W All-American Food Restaurants to drive multibranding leadership. We have successfully tested combining KFC and Taco Bell with A&W and Long John Silver's and have seen increases in our average unit sales volumes of 20% to 30% and EBITDA of 30% to 50%. The acquisition has the potential to ultimately enable multibranding in 12,000 of our nearly 17,000 traditional U.S. restaurants and be expanded internationally. We are confident multibranding is a key enabler for accelerating the renewal of our existing asset base and adding new units with excellent returns for our shareholders. I am pleased to report the acquisition transition is proceeding smoothly, and we expect the transaction to close within the next few weeks.

Second, we launched our worldwide Customer Mania initiative that we expect will result in improved restaurant operations. We are aligning with our global franchise partners to train our 725,000 team members around the world on delivering a consistent customer experience with a "Yes" attitude. Through Customer Mania training, our team members learn how to better execute our operational basics and are empowered to solve customer problems on the spot.

For the second quarter, we expect to post another set of solid results with ongoing operating earnings per share of \$0.83-\$0.87. Given our strong start to the year and our optimism for the balance of the year, we are raising our full-year 2002 ongoing operating EPS guidance to \$3.63-\$3.70 from \$3.56-\$3.63. We also expect shareholders to approve our company name change to Yum! Brands, Inc. at our annual shareholders meeting on May 16. Our new name will better reflect our expanding portfolio of brands and our unique recognition culture. Everything is in place for 2002 to be an excellent year for Yum! Brands."

Following is an update on Tricon's business segments and key growth drivers, which include global expansion, portfolio of leading U.S. brands, multibranding, franchise fees and cash generation and returns:

INTERNATIONAL BUSINESS PERFORMANCE

	Q1			
	Inc / (Dec)			
	2002	2001	Reported	Excl F/x(a)
Revenues (\$ millions)	\$480	\$436	+10%	+13%
Restaurant Margin	15.4%	14.7%	0.7ppts	0.7ppts
Ongoing Operating Profit (\$ millions)	\$82	\$74	+11%	+16%

a. Prior to foreign exchange conversion to U.S. dollars.

In the first quarter for Tricon's international business, new-restaurant development was the primary driver of revenue and ongoing operating profit growth. The adoption of SFAS 142, which included the elimination of goodwill amortization, contributed 4 percentage points of ongoing operating profit growth for the quarter. Restaurant margin increased 0.7 percentage points primarily due to the adoption of SFAS 142.

For the full year 2002, the company expects international revenues to grow at a low-double-digit rate and international ongoing operating profit to grow at least 15%. Ongoing operating profit growth includes the impact of foreign currency translation and the favorable impact of the adoption of SFAS 142. Based on current foreign currency rates, the company expects an approximate \$9 to \$12 million adverse impact of foreign currency conversion on ongoing operating profit for the full year 2002.

UNITED STATES PORTFOLIO PERFORMANCE

	Q1		
	2002	2001	Inc / (Dec)
U.S. Portfolio Same-Store Sales	+5%	Even	NM
Revenues (\$ millions)	\$1,134	\$1,070	+6%
Restaurant Margin	15.7%	13.8%	+1.9ppts
Ongoing Operating Profit (\$ millions)	\$175	\$140	+25%

In the first quarter 2002 for Tricon's U.S. portfolio of brands, blended same-store sales at company restaurants increased 5% and consisted of an 8% increase at Taco Bell, a 5% increase at KFC, and a 2% increase at Pizza Hut. Increases in system-wide same-store sales for all brands drove revenue growth of 6% for the quarter. Restaurant margin improved 1.9 percentage points, primarily due to positive same-store sales growth and the adoption of SFAS 142. Ongoing operating profit increased 25% primarily as a result of solid revenue growth. The adoption of SFAS 142 contributed 4 percentage points of ongoing operating profit growth for the quarter.

For the balance of the year, the company expects U.S. portfolio blended same-store sales to grow at least 2%.

WORLDWIDE NEW-RESTAURANT DEVELOPMENT

	Q1
Restaurant Openings (a)	
Worldwide	236
International	171
United States	65
Restaurant Net Growth Vs. Q1 2001 (a)	
Worldwide	+2%
International	+7%
United States	(1)%

a. Excluding licensed locations

Worldwide net restaurant growth of 2%, versus first quarter 2001, was primarily driven by the company's four high-growth international markets - China, Mexico, Korea and the U.K. - as well as solid growth by international franchisees. Versus first quarter 2001, net restaurant growth was 35% in China, 15% in Mexico and Korea, and 7% in the U.K.

One point not reflected, which primarily affects U.S. net restaurant growth statistics, is the impact of multibranding on our U.S. restaurant system. Multibrand conversions, while increasing the sales and points of distribution for the added brand, result in no additional unit counts. Though no additional unit counts are realized, these conversions drive significant increases in same-store sales and result in upgraded, new-image restaurants for the U.S. business. Similarly, a newly opened multibrand unit, while increasing sales and points of distribution for two brands, results in just one additional unit count.

For 2002, we expect 5% to 6% net growth in international restaurants and no net change in the U.S. This forecast excludes licensed locations.

MULTIBRANDING

	Q1
System-wide Multibrand Net Additions	37
Total System-wide Multibrand Restaurants	1,566

In the quarter, U.S. net additions totaled 35 and international 2. In the U.S., company and franchise net additions were 14 and 21 respectively. About 50% of the U.S. multibrand net additions represented conversions of existing single-brand restaurants, and 50% represented new-restaurant openings. Additionally, at the beginning of the second quarter, we opened our first multibranded restaurant with Back Yard Burgers, a conversion of a single-brand Taco Bell to a Taco Bell/Back Yard Burgers multibrand in Shepherdsville, Kentucky. Testing with Back Yard Burgers will continue with additional multibranded openings scheduled for the second quarter.

For 2002, Tricon continues to expect to add at least 325 company and franchise multibranded restaurants through new-restaurant openings and conversions of existing restaurants. About 60% of these additions are expected to be conversions of single-brand restaurants to multibrands and 40% are expected to be new multibrand restaurants.

FRANCHISE FEES

	Q1
Franchise Net Restaurant Growth Vs. Q1 2001 (a)	+2%
Franchise Fees (b) (\$ millions)	\$188
\$ Growth Vs. 2001	+5%

a. Includes joint ventures, excludes licensed restaurants

b. Includes joint ventures and licensed restaurants

Positive worldwide franchise same-store sales growth and net new-restaurant development drove franchise-fee growth in the first quarter. Foreign currency translation negatively impacted year-over-year growth by one percentage point.

CASH GENERATED AND RETURN ON INVESTED CAPITAL

----- (\$ millions)	Q1 -----
Cash Generated	\$281
Capital Spending and Acquisitions	\$132
Debt Reduction	\$109
Share Repurchase	\$8
Return on Invested Capital	NM
-----	-----

Cash generated for the first quarter continued to more than fund capital spending for worldwide restaurant growth and restaurant asset upgrades. The first quarter included \$46 million of after-tax employee stock-option proceeds and \$17 million of after-tax refranchising proceeds.

For 2002, the company expects to generate nearly \$1.2 billion in cash, including \$200 million in proceeds from stock-option exercises and \$65 million from after-tax refranchising proceeds prior to capital spending of an estimated \$750 million.

SECOND-QUARTER 2002 OUTLOOK

The company expects to earn \$0.83 to \$0.87 in ongoing operating EPS. This includes the impact of the acquisition of Yorkshire Global Restaurants (YGR) during the quarter. We are expecting this to impact our financial results for one four-week period, Period 6, in the second quarter.

Projected factors contributing to the company's EPS expectations are . . .

8

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- International system-sales growth of 7% in U.S. dollar terms, or 10% prior to foreign exchange conversion. Revenue growth in the mid-teens range prior to foreign exchange conversion.
 - International ongoing operating profit growth of 30% to 35% in U.S. dollar terms. This includes the timing benefit from a shift of the Chinese New Year to the second quarter this year from the first quarter last year. This factor adds several points of growth.
 - U.S. portfolio blended company same-store sales growth of 2% to 3%. Revenue growth of 6% to 7%; the YGR acquisition contributes +3 to +4 percentage points of the growth.
 - U.S. ongoing operating profit growth of 10% to 12%; the YGR acquisition contributes +2 percentage points of the growth.
 - Worldwide company-restaurant margin up approximately 1.5 percentage points versus last year, including a projected 0.5 percentage-point benefit from the adoption of SFAS 142.

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- General and administrative expenses up about 4% in dollar terms versus last year; up 1% versus last year excluding the YGR acquisition.
- Interest expense up slightly in dollar terms; flat versus last year excluding the YGR acquisition.
- Ongoing operating tax rate of 29% to 31%.
- Diluted average shares outstanding of about 157 million, up over 4 million shares or 3% higher versus last year.

YEAR 2002 OUTLOOK

Tricon now expects ongoing operating EPS of between \$3.63 and \$3.70 for the full year. Our previous guidance was \$3.56 to \$3.63 of ongoing operating EPS.

APRIL (PERIOD 4) SALES

Estimated U.S. portfolio blended same-store sales at company restaurants increased 2% during the four-week period ended April 20, 2002 (Period 4). For the comparable four-week period, U.S. same-store sales increased 9% at Taco Bell and 1% at KFC and decreased 3% at Pizza Hut.

For Period 4, International system sales increased 17% prior to foreign currency conversion or 12% after conversion to U.S. dollars. Year-to-date international system sales increased 11% prior to foreign currency conversion or 6% after conversion to U.S. dollars.

Same-store sales results for Period 5, 2002 (primarily the latter half of April and first half of May for the U.S. businesses), will be released Thursday, May 23, 2002.

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include those identified by such words as may, will, expect, anticipate, believe, plan and other similar terminology. These "forward-looking" statements reflect management's current expectations regarding future events and operating and financial performance and are based on currently available data. However, actual results are subject to future events and uncertainties, which could cause actual results to differ from those projected in this announcement. Factors that can cause actual results to differ materially include: changes in global and local business, economic and political conditions in the countries and territories where Tricon operates; changes in currency exchange and interest rates; changes in commodity, labor and other operating costs; changes in competition in the food industry, consumer preferences, spending patterns and demographic trends; the effectiveness of our operating initiatives and advertising and promotional efforts; new-product and concept development by Tricon and other food-industry competitors; the success of our refranchising strategy; the ongoing business viability of our franchise and license operators; our ability to secure alternative distribution to our restaurants at competitive rates and to ensure adequate supplies of restaurant products and equipment in our stores; our actuarially determined casualty loss estimates; changes in legislation and governmental regulation; and changes in accounting policies and practices. Further information about factors that could affect Tricon's financial and other results are included in the company's Forms 10-Q and 10-K, filed with the Securities and Exchange Commission.

Tricon Global Restaurants, Inc. will hold a conference call to review the company's operating and financial performance at 9:00 a.m. EDT Tuesday, April 30, 2002.

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Callers in the U.S. dial 877/815-2029. International callers dial 706/645-9271.

The call will be available for playback beginning Tuesday, April 30, at noon EDT through Tuesday, May 14, at midnight EDT. To access the playback, dial 800/642-1687 in the U.S.A. and 706/645-9291 internationally. The playback access code is 3678425.

The call and playback can be accessed via the Internet by visiting Tricon's Web site: www.triconglobal.com and selecting "1st Quarter Earnings Web Cast." (Real Player is required, which can be downloaded at no charge. The process could take at least 10 minutes.)

Analysts are invited to contact

Tim Jerzyk, Vice President Investor Relations at 502/874-2543
Scott Colosi, Director Investor Relations at 502/874-8918

Members of the media are invited to contact

Amy Sherwood, Vice President Public Relations at 502/874-8200

Individual shareholders are invited to contact

Scott Colosi, Director Investor Relations at 502/874-8918

10

Tricon Global Restaurants, Inc.
Condensed Consolidated Statements of Income
(amounts in millions, except per share amounts)
(unaudited)

	12 Weeks Ended		% Change
	3/23/02	3/24/01	B/ (W) (a)
Revenues			
Company sales	\$ 1,426	\$ 1,326	7
Franchise and license fees	188	180	5
Revenues	1,614	1,506	7
Costs and expenses, net			
Company restaurants			
Food and paper	439	410	(7)
Payroll and employee benefits	395	371	(7)
Occupancy and other operating expenses	369	359	(3)
	1,203	1,140	(6)
General and administrative expenses	182	173	(5)
Franchise and license expenses (b)	10	17	40
Other (income) expense (c)	(5)	(4)	22
Facility actions net loss (gain) (d)	9	2	NM
Unusual items (income) expense (e)	(11)	2	NM
Total costs and expenses, net	1,388	1,330	(4)

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Operating profit	226	176	28
Interest expense, net	34	39	15
	-----	-----	
Income before income taxes	192	137	40
Income tax provision	68	49	(39)
	-----	-----	
Net income	\$ 124	\$ 88	41
	=====	=====	
<u>Basic EPS Data</u>			
EPS	\$ 0.85	\$ 0.60	41
	=====	=====	
Average shares outstanding	147	147	-
	=====	=====	
<u>Diluted EPS Data</u>			
EPS	\$ 0.80	\$ 0.59	37
	=====	=====	
Average shares outstanding	155	150	(3)
	=====	=====	

See accompanying notes.

Tricon Global Restaurants, Inc.
WORLDWIDE Ongoing Operating Results
(amounts in millions)
(unaudited)

	12 Weeks Ended		% Change B/ (W) (a)
	3/23/02	3/24/01	
	-----	-----	
System sales	\$ 5,243	\$ 4,979	5
	=====	=====	
Company sales	\$ 1,426	\$ 1,326	7
Franchise and license fees	188	180	5
	-----	-----	
Revenues	1,614	1,506	7
	-----	-----	
Company restaurants			
Food and paper	439	410	(7)
Payroll and employee benefits	395	371	(7)
Occupancy and other operating expenses	369	359	(3)
	-----	-----	
	1,203	1,140	(6)
General and administrative expenses	182	173	(5)
Franchise and license expenses (b)	10	17	40
Other (income) expense (c)	(5)	(4)	22
	-----	-----	
Ongoing operating profit (f)	224	180	24
Interest expense, net	34	39	15
Income tax provision	66	53	(25)
	-----	-----	
ONGOING OPERATING EARNINGS	\$ 124	\$ 88	41
	=====	=====	

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ONGOING OPERATING EPS (f)	\$ 0.80	\$ 0.59	37
	=====	=====	
Average shares outstanding - diluted	155	150	(3)
	=====	=====	
Ongoing operating tax rate	34.7%	37.3%	2.6 ppts.
	=====	=====	
Company sales	100.0%	100.0%	
Food and paper	30.8	30.9	0.1 ppts.
Payroll and employee benefits	27.7	27.9	0.2 ppts.
Occupancy and other operating expenses	25.9	27.1	1.2 ppts.
	-----	-----	
Restaurant margin(f)	15.6%	14.1%	1.5 ppts.
	=====	=====	

Reconciliation of Ongoing Operating Profit to Reported Operating Profit(f)

U.S. ongoing operating profit	\$ 175	\$ 140	25
International ongoing operating profit	82	74	11
Unallocated and corporate expenses	(33)	(33)	(1)
Foreign exchange (loss)	-	(1)	NM
	-----	-----	
Ongoing operating profit	\$ 224	\$ 180	24
Facility actions net (loss) gain(d)	(9)	(2)	NM
Unusual items income (expense) (e)	11	(2)	NM
	-----	-----	
Reported operating profit	\$ 226	\$ 176	28
	=====	=====	

12

Tricon Global Restaurants, Inc.
UNITED STATES Ongoing Operating Results
(amounts in millions)
(unaudited)

	12 Weeks Ended		% Change B/ (W) (a)
	3/23/02	3/24/01	
	-----	-----	-----
System sales	\$ 3,427	\$ 3,229	6
	=====	=====	
Company sales	\$ 1,010	\$ 952	6
Franchise and license fees	124	118	5
	-----	-----	
Revenues	1,134	1,070	6
	-----	-----	
Company restaurants			
Food and paper	286	273	(5)
Payroll and employee benefits	314	296	(6)
Occupancy and other expenses	251	252	1
	-----	-----	
	851	821	(4)
General and administrative expenses	99	93	(6)
Franchise and license expenses(b)	9	16	45
	-----	-----	

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Ongoing operating profit(f)	\$ 175	\$ 140	25
	=====	=====	
Company sales	100.0%	100.0%	
Food and paper	28.4	28.6	0.2 ppts.
Payroll and employee benefits	31.1	31.0	(0.1) ppts.
Occupancy and other operating expenses	24.8	26.6	1.8 ppts.
	-----	-----	
Restaurant margin(f)	15.7%	13.8%	1.9 ppts.
	=====	=====	

13

Tricon Global Restaurants, Inc.
INTERNATIONAL Ongoing Operating Results
(amounts in millions)
(unaudited)

	12 Weeks Ended		% Change
	3/23/02	3/24/01	B/ (W) (a)
	-----	-----	-----
System sales	\$ 1,816	\$ 1,750	4
	=====	=====	
Company sales	\$ 416	\$ 374	11
Franchise and license fees	64	62	3
	-----	-----	
Revenues	480	436	10
	-----	-----	
Company restaurants			
Food and paper	153	137	(11)
Payroll and employee benefits	81	75	(8)
Occupancy and other operating expenses	118	107	(11)
	-----	-----	
	352	319	(10)
General and administrative expenses	50	47	(8)
Franchise and license expenses(b)	1	1	(8)
Equity income from investments in			
unconsolidated affiliates	(5)	(5)	17
	-----	-----	
Ongoing operating profit(f)	\$ 82	\$ 74	11
	=====	=====	
Company sales	100.0%	100.0%	
Food and paper	36.7	36.7	-
Payroll and employee benefits	19.4	20.0	0.6 ppts.
Occupancy and other operating expenses	28.5	28.6	0.1 ppts.
	-----	-----	
Restaurant margin(f)	15.4%	14.7%	0.7 ppts.
	=====	=====	

14

Notes to the Condensed Consolidated Statements of Income and
Ongoing Operating Results
(tabular dollar amounts in millions)

a. Percentages may not recompute due to rounding.

b. Franchise and license expenses include provisions for estimated uncollectible fees, franchise and license marketing funding, amortization expense for franchise related intangible assets and certain other direct incremental franchise and license support costs. Franchise and license expenses also include rent income from subleasing restaurants to franchisees net of the related occupancy costs. In 2001, these amounts were reported in general and administrative expenses.

c. **Other (income) expense** included the following:

	12 Weeks Ended	
	3/23/02	3/24/01
Equity income from investments in unconsolidated affiliates	\$ (5)	\$ (5)
Foreign exchange net loss	-	1
Total other (income) expense	\$ (5)	\$ (4)
	=====	=====

d. **Facility actions net loss (gain)** included the following:

	12 Weeks Ended	
	3/23/02	3/24/01
Refranchising net loss (gain)	\$ (3)	\$ (4)
Store closure costs	8	2
Store impairment charges	4	4
Facility actions net loss (gain)	\$ 9	\$ 2
	=====	=====

e. In the first quarter 2002, **unusual items income** of \$11 million primarily resulted from recoveries related to the AmeriServe bankruptcy reorganization process.

In the first quarter 2001, **unusual items expense** of \$2 million primarily included costs of defending certain wage and hour litigation.

f. Effective December 30, 2001, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") in its entirety. In accordance with the requirements of SFAS 142, we completed separate transitional impairment tests of goodwill and indefinite-lived intangibles, as of December 30, 2001, which indicated that there was no impairment. In addition, we ceased amortization of goodwill and indefinite-lived intangibles. The following table summarizes the favorable effect of SFAS 142 on restaurant margin and ongoing operating profit had SFAS 142 been effective in the first quarter of 2001:

	U.S.	International	Unallocated	Worldwide
Restaurant profit	\$ 4	\$ 2	\$ -	\$ 6
Restaurant margin (%)	0.5 ppts.	0.5 ppts.	-	0.5 ppts.
Ongoing operating profit	\$ 4	\$ 3	\$ -	\$ 7
	=====	=====	=====	=====

Additionally, if SFAS 142 had been effective for the first quarter of 2001, reported net income and ongoing operating EPS would have increased by approximately \$5 million and \$0.03, respectively.

15

Tricon Global Restaurants, Inc.
Cash Generation/Use(a)
(amounts in millions)
(unaudited)

	12 Weeks Ended	
	3/23/02	3/24/01
Ongoing operating earnings	\$ 124	\$ 88
Depreciation and amortization	78	73
Refranchising proceeds, after tax	17	13
AmeriServe	16	63
Option proceeds	46	10
Debt addition, net	—	20
Total cash generated	281	267
Capital spending	131	94
Acquisitions	1	49
Debt reduction, net	109	—
Share repurchase	8	10
Other	6	89
Total cash uses	255	242
Net increase in cash	\$ 26	\$ 25

a. This presentation of cash generation/use is not intended to be a substitute for cash flows reported in conformity with accounting principles generally accepted in the United States of America.

16

Tricon Global Restaurants, Inc.
Restaurant Units Activity Summary
For the 12 Weeks Ended March 23, 2002
(unaudited)

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United States

	Company	Franchisees	Total Excluding Licensees	Licensees	Total Units
Pizza Hut U.S.					
Balance at December 29, 2001	1,745	4,824	6,569	1,150	7,719
New Builds	2	18	20	21	41
Acquisitions	-	-	-	-	-
Refranchising & Licensing	-	-	-	-	-
Closures & Divestitures	(6)	(30)	(36)	(26)	(62)
Other	-	-	-	-	-
Balance at March 23, 2002	1,741	4,812	6,553	1,145	7,698
% of Total	23%	62%	85%	15%	100%
Taco Bell U.S.					
Balance at December 29, 2001	1,265	3,828	5,093	1,351	6,444
New Builds	2	8	10	6	16
Acquisitions	1	(1)	-	-	-
Refranchising & Licensing	-	-	-	-	-
Closures & Divestitures	(6)	(32)	(38)	(45)	(83)
Other	-	-	-	(30)	(30)
Balance at March 23, 2002	1,262	3,803	5,065	1,282	6,347
% of Total	20%	60%	80%	20%	100%
KFC U.S.					
Balance at December 29, 2001	1,274	4,081	5,355	44	5,399
New Builds	20	15	35	2	37
Acquisitions	-	-	-	-	-
Refranchising & Licensing	(29)	29	-	-	-
Closures & Divestitures	(7)	(16)	(23)	-	(23)
Other	-	-	-	-	-
Balance at March 23, 2002	1,258	4,109	5,367	46	5,413
% of Total	23%	76%	99%	1%	100%
Total U.S.					
Balance at December 29, 2001	4,284	12,733	17,017	2,545	19,562
New Builds	24	41	65	29	94
Acquisitions	1	(1)	-	-	-
Refranchising & Licensing	(29)	29	-	-	-
Closures & Divestitures	(19)	(78)	(97)	(71)	(168)
Other(a)	-	-	-	(30)	(30)
Balance at March 23, 2002	4,261	12,724	16,985	2,473	19,458
% of Total	22%	65%	87%	13%	100%

a. Represents licensee units transferred from U.S. to International.

Tricon Global Restaurants, Inc.
Restaurant Units Activity Summary
For the 12 Weeks Ended March 23, 2002
(unaudited)

International

	Company	Unconsolidated Affiliates	Franchisees	Total Excluding Licensees	Licensees
Pizza Hut International					
Balance at December 29, 2001	763	860	2,480	4,103	169
New Builds	18	12	32	62	-
Acquisitions	-	38	(38)	-	-
Refranchising & Licensing	(2)	(1)	3	-	-
Closures & Divestitures	(11)	(1)	(43)	(55)	(2)
Other	-	-	-	-	-
Balance at March 23, 2002	768	908	2,434	4,110	167
% of Total	18%	21%	57%	96%	4%
Taco Bell International					
Balance at December 29, 2001	39	31	140	210	29
New Builds	-	-	2	2	-
Acquisitions	-	-	-	-	-
Refranchising & Licensing	-	-	-	-	-
Closures & Divestitures	(1)	(1)	-	(2)	-
Other	-	-	-	-	30
Balance at March 23, 2002	38	30	142	210	59
% of Total	14%	11%	53%	78%	22%
KFC International					
Balance at December 29, 2001	1,349	1,109	3,910	6,368	48
New Builds	51	12	44	107	-
Acquisitions	-	-	-	-	-
Refranchising & Licensing	(5)	(3)	8	-	-
Closures & Divestitures	(6)	(2)	(28)	(36)	(1)
Other	-	-	-	-	-
Balance at March 23, 2002	1,389	1,116	3,934	6,439	47
% of Total	21%	17%	61%	99%	1%
Total International					
Balance at December 29, 2001	2,151	2,000	6,530	10,681	246
New Builds	69	24	78	171	-
Acquisitions	-	38	(38)	-	-
Refranchising & Licensing	(7)	(4)	11	-	-
Closures & Divestitures	(18)	(4)	(71)	(93)	(3)
Other(a)	-	-	-	-	30
Balance at March 23, 2002	2,195	2,054	6,510	10,759	273
% of Total	20%	19%	59%	98%	2%

Worldwide

Total Tricon

Balance at December 29, 2001	6,435	2,000	19,263	27,698	2,791
New Builds	93	24	119	236	29
Acquisitions	1	38	(39)	-	-
Refranchising & Licensing	(36)	(4)	40	-	-
Closures & Divestitures	(37)	(4)	(149)	(190)	(74)
Other	-	-	-	-	-
Balance at March 23, 2002	6,456	2,054	19,234	27,744	2,746
% of Total	21%	7%	63%	91%	9%

a. Represents licensee units transferred from U.S. to International.

18

Tricon Global Restaurants, Inc.
Multibrand Restaurants
For the 12 Weeks Ended March 23, 2002
(unaudited)

	U.S.		International		
	Net Additions		Net Additions		Net Ad
		Total		Total	
	12 Weeks	Multibrand	12 Weeks	Multibrand	12 W
	Ended 3/23/02	Restaurants	Ended 3/23/02	Restaurants	Ended 3
		3/23/02		3/23/02	
KFC					
Taco Bell(a) (b)	(1)	613	1	52	
Pizza Hut(a)	3	123	-	63	
A&W	10	81	-	-	
Taco Bell/Pizza Hut 3 'n 1	3	44	-	4	
Long John Silver's	1	6	-	-	
Chock Full O'Nuts	(1)	2	-	-	
WingWorks(c)	-	1	-	-	
	15	870	1	119	
Taco Bell					
Pizza Hut(a)	19	560	1	14	
Long John Silver's	1	3	-	-	
	20	563	1	14	
Pizza Hut					
KFC	-	-	-	-	
Taco Bell	-	-	-	-	
	-	-	-	-	
Total	35	1,433	2	133	

- a. For total multibrand restaurants as of March 23, 2002, we reclassified 19 restaurants from KFC/Taco Bell to KFC/Pizza Hut and one restaurant from KFC/Taco Bell to Taco Bell/Pizza Hut in the International business segment.
- b. For total multibrand restaurants as of March 23, 2002, to the International business segment we added 8 KFC/Taco Bell restaurants, which were previously counted as single-brand restaurants. These restaurants are not included as net additions for the first quarter of 2002.
- c. For total multibrand restaurants as of March 23, 2002, we added one KFC/WingWorks restaurant to the U.S. business segment, which was previously counted as a single-brand restaurant. This restaurant is not included as a net addition for the first quarter of 2002.