

KFC



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World's largest quick-service restaurant with a chicken-dominant menu. KFC offers full-service restaurants and non-traditional express units for captive markets.

BACKGROUND:	IFA MEMBER
Established: 1939;	1st Franchised: 1952
Franchised Units:	4,277
Company-Owned Units	<u>1,248</u>
Total Units:	5,525
Dist.:	US-5,525; CAN-0; O'seas-0
North America:	50 States, 10 Provinces
Density:	CA, TX, IL
Projected New Units (12 Months):	100
Qualifications: 5, 4, 5, 3, 3, 5	

Registered: All States

FINANCIAL/TERMS:

Cash Investment:	\$NR
Total Investment:	\$1.1-1.7MM
Minimum Net Worth:	\$1MM
Fees: Franchise —	\$25K
Royalty — 4% or \$600/Mo.;	Ad. — 5%
Earnings Claim Statement:	No
Term of Contract (Years):	20
Avg. # Of Employees:	2 FT, 22 PT
Passive Ownership:	Not Allowed
Encourage Conversions:	No
Area Develop. Agreements:	No
Sub-Franchising Contracts:	No
Expand In Territory:	Yes
Space Needs: 2,000-3,000 SF; FS	

SUPPORT & TRAINING PROVIDED:

Financial Assistance Provided:	No
Site Selection Assistance:	Yes
Lease Negotiation Assistance:	No
Co-Operative Advertising:	Yes
Franchisee Assoc./Member:	Yes/Yes
Size Of Corporate Staff:	820
On-Going Support:	C,d,E,G,h,I
Training: 10-16 Weeks of Training.	

SPECIFIC EXPANSION PLANS:

US:	All United States
Canada:	All Canada
Overseas:	All Countries

KFC is the most popular chicken restaurant around the world. KFC is famous for its Original Recipe and Extra Crispy chicken, as well as its homestyle side dishes. Almost 8 million customers sample KFC food every day in more than 11,000 restaurants in 80 countries around the world. KFC is also part of the Yum! Brands family, the largest restaurant company in the world with over 32,500 units. Family members include A & W Restaurants, Long John Silver's, Pizza Hut and Taco Bell. Multi-branding opportunities are available to expand a franchise's customer appeal and market share.

Chapter 4

Operating Units	12/31/2002	12/31/2003	12/31/2004
Franchised	4,150	4,229	4,202
% Change	--	1.9%	-0.6%
Company-Owned	1,308	1,300	1,248
% Change	--	-0.6%	-4.0%
Total	5,458	5,529	5,450
% Change	--	1.3%	-1.4%
Franchised as % of Total	76.04%	76.49%	77.10%

Investment Required

The initial fee for a KFC franchise is \$25,000.

KFC provides the following range of investments required to open your initial franchise. The range assumes that all items are paid for in cash. To the extent that you choose to finance any of these expense items, your front-end investment could be substantially reduced.

Item	Established Low Range	Established High Range
Franchise Fee	\$25,000	\$25,000
Real Property	\$500,000	\$850,000
Construction/Leasehold Improvements	\$325,000	\$500,000
Equipment/Signage	\$250,000	\$300,000
Opening Advertising	\$5,000	\$5,000
Opening Inventory	\$10,000	\$10,000
Initial Training	\$2,300	\$2,300
Other Costs and Additional Funds (for 3 months)	\$25,000	\$40,000
Total Investment	\$1,142,300	\$1,732,300

On-Going Expenses

KFC franchisees pay a royalty fee equal to 4% of gross revenues (minimum of \$600 per month), a local advertising fee equal to 3% of gross revenues and a national cooperative advertising fee equal to 2% of gross revenues.

What You Get—Training and Support

All Yum! Franchisees receive extensive training, support and marketing. Yum! spends more than \$600 million a year on consumer advertising. Multi-branding opportunities for KFC are offered with Taco Bell, Pizza Hut, Long John Silver's and A&W Restaurants.

Franchise recruiters walk interested candidates through the entire process of becoming a franchisee, providing information on the site registration process, start-up costs, training and the sites with the greatest development potential. Franchisees are later assigned Franchise Business Coaches or Franchise Business Leaders who provide support as operations begin. Each franchisee completes Management Team Training, and is offered further training opportunities and support through the Yum! University.

KFC franchisees also benefit from the tremendous purchasing power of the Yum! family. UFPC provides supply chain management services for all Yum! brands, and since March of 1999, UFPC has saved Yum! more than \$539.6 million. UFPC reduces suppliers' costs by negotiating costs, making volume purchase deals and assuming other procurement functions and risks.

Territory

KFC does not grant exclusive territories. Franchisees get a protected area with a radius of 1½ miles or containing a population of 30,000 people, whichever is smaller.