

YUM! Brands, Inc.
Memorandum



TO: Dr. Steven Gross, PETA
Bruce Friedrich, PETA

FROM: Jonathan Blum

DATE: October 2, 2002

RE: Update

Dear Steve and Bruce,

In the spirit of ongoing and open dialogue, I thought I'd keep you apprised of some new developments regarding our animal welfare program.

Recently, Dr. Temple Grandin met with our KFC team to conduct an initial review of our unannounced audits of poultry suppliers. In the course of this review, some changes were made to the audit process to ensure greater accuracy of results. Dr. Grandin and our KFC quality assurance team then finalized a balance of year schedule for additional unannounced audits of our poultry suppliers. Next year's schedule will be developed by year's end.

Additionally, each of our brands have agreed to amend their supplier specifications requiring all of our beef suppliers to fully comply with the American Meat Institute guidelines prepared by Dr. Grandin. As you know, these are the same guidelines some of our competitors have put in place.

On September 23 and 24, Dr. Grandin conducted a 2-day training seminar for executives from Taco Bell, Pizza Hut and A&W in Colorado. This included a classroom training session, followed by hands-on training in one of our supplier beef processing facilities to learn how to properly audit against the AMI guidelines. Members of our Unified Purchasing Cooperative also attended this training. Dr. Grandin is inventorying each of our beef suppliers to establish an audit schedule. Dr. Grandin already audits a number of these suppliers for others in the industry.

Finally, we are in the process of arranging our next Animal Welfare Advisory Council meeting sometime in November. After consulting with Dr. Joy Mensch, a Council member, it was agreed we will hold our next Council meeting after FMI and NCCR finalize their poultry guidelines. (As you probably know, the National Chicken Council currently is reviewing those guidelines and has agreed to provide their input by October

31.) This will give our Council enough time to review the new guidelines and make a recommendation based upon them.

As you can see, we continue to make progress on our animal welfare program.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Ben". The signature is written in a cursive style with a long, sweeping underline.