Presale:

Taco Bell Funding LLC (Series 2021-1)

August 5, 2021

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Preliminary Ratings

Class	Preliminary rating(i)	Balance (mil. $)(ii)	Anticipated maturity	Legal maturity (years)
A-2-I	BBB (sf)	666.650	February 2027	30
A-2-II	BBB (sf)	666.675	February 2029	30
A-2-III	BBB (sf)	666.675	August 2031	30

Note: This presale report is based on information as of Aug. 5, 2021. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. (i)The rating does not address post-ARD contingent interest. (ii)The aggregate class A-2 amount will be at least $2.00 billion. In our analysis, we assumed an additional $385.00 million. ARD--Anticipated repayment date.

Executive Summary

Taco Bell Funding LLC's series 2021-1 issuance is a $2.00 billion corporate securitization of Taco Bell Corp.'s (Taco Bell's) restaurant business in the U.S. Taco Bell is a wholly owned subsidiary of YUM! Brands Inc. (Yum). This is the third issuance of notes following series 2016-1 and 2018-1. Taco Bell states it will use a portion of the net proceeds from the series 2021-1 debt issuance to pay down the existing series 2016-1 class A-2-II and series 2018-1 class A-2-I notes. Remaining proceeds, after fees, are intended to be used for general corporate purposes, including return of capital to shareholders. The series 2021-1 debt issuance will increase Yum's leverage to 4.9x from 4.6x on a total debt/adjusted EBITDA basis and Taco Bell's leverage to 6.6x from 4.7x on a funded securitization debt/securitized net cash flow basis. Debt repayment is supported by domestic franchise and license royalties, company-owned restaurant synthetic royalties, certain fees, and licensing income.

Key credit features of the transaction include:

- An extensive operating history of over 50 years.
- The highly franchised nature of the Taco Bell business, which, in our view, results in a less volatile cash flow stream.
- Stable growth of systemwide sales.
- Consistent growth in store count and stable average unit volume (AUV), which has led to steady increases in royalty payments.
- Distribution arrangements that enhance the franchisee's profitability and provide an additional

cash flow source for the transaction.

- The "strong" business risk profile of Taco Bell's parent, Yum.
- A modest level of principal amortization before the anticipated repayment date (ARD) if leverage is above a certain level.

Transaction Timeline/Participants

Transaction Timeline

Expected closing date	Aug. 19, 2021
First payment date	November 2021
A-2-I ARD	February 2027
A-2-II ARD	February 2029
A-2-III ARD	August 2031
Legal maturity date	August 2051
Note payment frequency	Quarterly

ARD--Anticipated repayment date.

Participants

Arranger	Barclays Capital Inc.
Issuer	Taco Bell Funding LLC.
Guarantors	Taco Bell Franchisor LLC, Taco Bell Franchise Holder 1 LLC, Taco Bell IP Holder LLC, and Taco Bell Franchisor Holdings LLC.
Trustee	Citibank N.A.
Servicer	Midland Loan Services (a division of PNC Bank N.A.).
Manager	Taco Bell Corp.
Backup manager	FTI Consulting Inc.

Rating Rationale

The preliminary ratings assigned to Taco Bell Funding LLC's senior secured notes series 2021-1 class A-2 issuance reflect our assessment of:

- Brand strength. This includes the strength of the Taco Bell brand, the likelihood for the brand to survive through a Taco Bell bankruptcy, and the brand's resulting capacity to continue generating sufficient cash flows from business operations, provided that adequate servicing remains in place.
- A replaceable manager. The manager's responsibilities are generally limited to sales, general, and administrative (SG&A) functions, which we believe increases the likelihood of successful replacement following a termination of the current manager. Additionally, the transaction has a backup manager, FTI Consulting Inc. (established at the transaction's closing; FTI), which has reviewed the business' cost structure relative to the sizing of the management fee and believes it is adequate should FTI need to step in.
- Legal isolation of the assets. Substantially all of the business' cash-generating assets will not be owned by the manager at the transaction's closing. They have been contributed and sold through a true sale to the securitization's issuer and guarantors, which are bankruptcy-remote entities. This should decrease the likelihood that existing Taco Bell creditors could disrupt cash flow to the securitization following a manager bankruptcy. Legal opinions related to the contribution and true sale and non-consolidation have been, or will be, provided before this transaction's closing.
- Asset performance not fully correlated with manager performance. A system of franchised restaurants will likely continue to generate cash flow following the manager's bankruptcy because individual franchisees generally operate independently from the manager (aside from SG&A functions, which we believe can be transferred to a backup).

- Cash flow coverage. Given the brand's strength, the replaceable nature of the manager, and the legal isolation of the assets from the manager, we have projected long-term cash flows for the business. Our analysis incorporates cash flow haircuts reflecting our view of how the business' assets could weaken in adverse economic conditions. Under these conditions, our analysis shows the cash flows generated by the business are sufficient to meet all debt service obligations of the rated notes.
- Liquidity. A reserve account is in place, to be either funded with three months of interest expenses or supported by an eligible letter of credit.

Environmental, Social, And Governance (ESG) Credit Factors

Our rating analysis considered the potential exposure of the transaction to ESG credit factors. We have not identified any material ESG credit factors in our analysis. Therefore, ESG credit factors do not influence our assessment of the transaction's credit quality.

Table 1

Key Credit Metrics And Peer Comparisons

Brands	Series	S&P Global Ratings' current credit rating(i)	Store count (no.)	AUV (mil. $)	Franchised (%)(ii)	International (%)(ii)	Operating history (from founding)	Concept type	Leverage (total debt/adjusted EBITDA)(iii)	S&P Global Ratings' min. base-case DSCR(iv)	S&P Global Ratings' min. downside DSCR(iv)
Taco Bell	2021-1	BBB (sf)	6,895	1.8	93	9	Over 30 years	QSR	4.9	1.8	1.6
Sonic	2021-1	BBB (sf)	3,524	1.7	92	0	Over 30 years	QSR	6.5	1.8	1.6
ServiceMaster Brands	2021-1	BBB- (sf)	2,624	1.2	99	31	Over 30 years	Restoration services	8.0	1.8	1.4
Five Guys	2021-1	BBB- (sf)	1,684	1.3	73	18	Over 30 years	QSR	7.8	1.7	1.5
Hardee's/Carl's Jr.	2021-1	BBB (sf)	3,834	1.3	94	26	Over 30 years	QSR	7.2	1.8	1.4
Wendy's	2021-1	BBB (sf)	6,838	1.8	95	14	Over 30 years	QSR	6.9	1.8	1.5
Domino's	2021-1	BBB+ (sf)	17,644	0.9	98	64	Over 30 years	QSR	6.4	1.8	1.4
SERVPRO	2021-1	BBB- (sf)	1,860	1.5	100	0	Over 30 years	Restoration services	8.1	1.7	1.4
Driven Brands	2020-2	BBB- (sf)	3,229	1.0	84	19	Over 30 years	Auto services	6.7	1.9	1.6
Arby's	2020-1	BBB- (sf)	3,520	1.2	66	0.2	Over 30 years	QSR	5.9	1.5	1.3
Jersey Mike's	2019-1	BBB (sf)	1,615	0.8	99	0.3	Over 30 years	QSR	6.4	2.2	1.7
Planet Fitness	2019-1	BBB- (sf) (vi)	1,899	2.1	96	3	29 years	Fitness	6.5	1.7	1.3
Jack in the Box	2019-1	BBB (sf)	2,240	1.5	94	0	Over 30 years	QSR	4.9	1.9	1.6

Table 1

Key Credit Metrics And Peer Comparisons (cont.)

Brands	Series	S&P Global Ratings' current credit rating(i)	Store count (no.)	AUV (mil. $)	Franchised (%)(ii)	International (%)(ii)	Operating history (from founding)	Concept type	Leverage (total debt/adjusted EBITDA)(iii)	S&P Global Ratings' min. base-case DSCR(iv)	S&P Global Ratings' min. downside DSCR(iv)
Applebee's/IHOP	2019-1	BBB (sf)	3,652	2.2	98	7	Over 30 years	CDR	6.0	1.7	1.4
Dunkin' Brands	2019-1	BBB (sf)	20,912	0.8	100	43	Over 30 years	QSR	6.2	1.6	1.4
Jimmy John's	2017-1	BBB+ (sf) (vii)	2,690	0.8	98	0	Over 30 years	QSR	5.2	1.8	1.7
Cajun Global	2017-1	BBB- (sf)	1,588	0.7	85	32	Over 30 years	QSR	5.2	1.8	1.4
TGIF	2017-1	B (sf)	903	2.7	94	48	Over 30 years	CDR	5.6	1.3	1.0

(i)Rating is for the senior-most securitization note issued (closed transactions). (ii)Percentage of total store count. (iii)As reported. (iv)As of each series' closing date unless otherwise noted. (v)Preliminary. (vi)Rating was downgraded on Sept. 18, 2020, to 'BBB-' from 'BBB'; data is from initial rating. (vii)Rating was upgraded on March 29, 2021, from 'BBB' to 'BBB+'; data is from initial rating. AUV--Average unit volume. DSCR--Debt service coverage ratio. QSR--Quick-service restaurant. CDR--Casual dining restaurant. R/R--Remediation/reconstruction. Hardee's/Carl's Jr.--Hardee's Funding LLC/Carl's Jr. Funding LLC. Driven Brands--Driven Brands Funding LLC (Maaco, Meineke, and others). Sonic--Sonic Capital LLC. Jersey Mike's--Jersey Mike's Funding LLC. Planet Fitness--Planet Fitness Master Issuer LLC. Domino's--Domino's Pizza Master Issuer LLC. ServPro--ServPro Master Issuer LLC. Wendy's--Wendy's Funding LLC. Jack in the Box--Jack in the Box Funding LLC. Applebee's/IHOP--Applebee's Funding LLC/IHOP Funding LLC (Dine Brands Global). Dunkin' Brands--DB Master Finance LLC (AUV represents domestic for both brands, leverage assumes no variable-funding note). Taco Bell--Taco Bell Funding LLC. Jimmy John's--Jimmy John's Funding LLC. Cajun Global--Cajun Global LLC (Church's Chicken). Five Guys--Five Guys Funding LLC. TGIF--TGIF Funding LLC. Arby's--Arby's Funding LLC.

Industry Outlook

The restaurant industry is highly competitive in price and product offerings. Many operators focus on altering the menu mix and new products toward value offerings to drive guest traffic. Leading into 2020, the sector's performance was mixed due to tepid economic conditions and meaningful weakness at certain restaurant operators. Amid the COVID-19 pandemic, there was a large shift toward delivery options as consumers obeyed stay-at-home orders. This led to an increase in delivery orders and ticket sizes due to more people working from home.

However, with the rollout of several vaccines globally and the easing of the pandemic-induced lockdowns, we expect the shift to delivery to slow in 2021. In addition, many independently owned businesses closed during the lockdowns, creating opportunities for larger players to increase their market share. However, this trend likely won't continue as restrictions ease.

Quick-service restaurants have been performing well overall, while casual dining restaurants continue to face challenges. We expect slow domestic economic growth will continue to limit gains in restaurants' guest traffic and, while labor inflation will affect store profits, the impact may not be as meaningful for the highly franchised models. Cost inflation will also pressure operating margins over the near term because it likely will not be fully passed along to customers. Additionally, we believe restaurants' ability to increase market share will drive their revenue and profit growth, and those with an international presence will have more expansion opportunities in various markets.

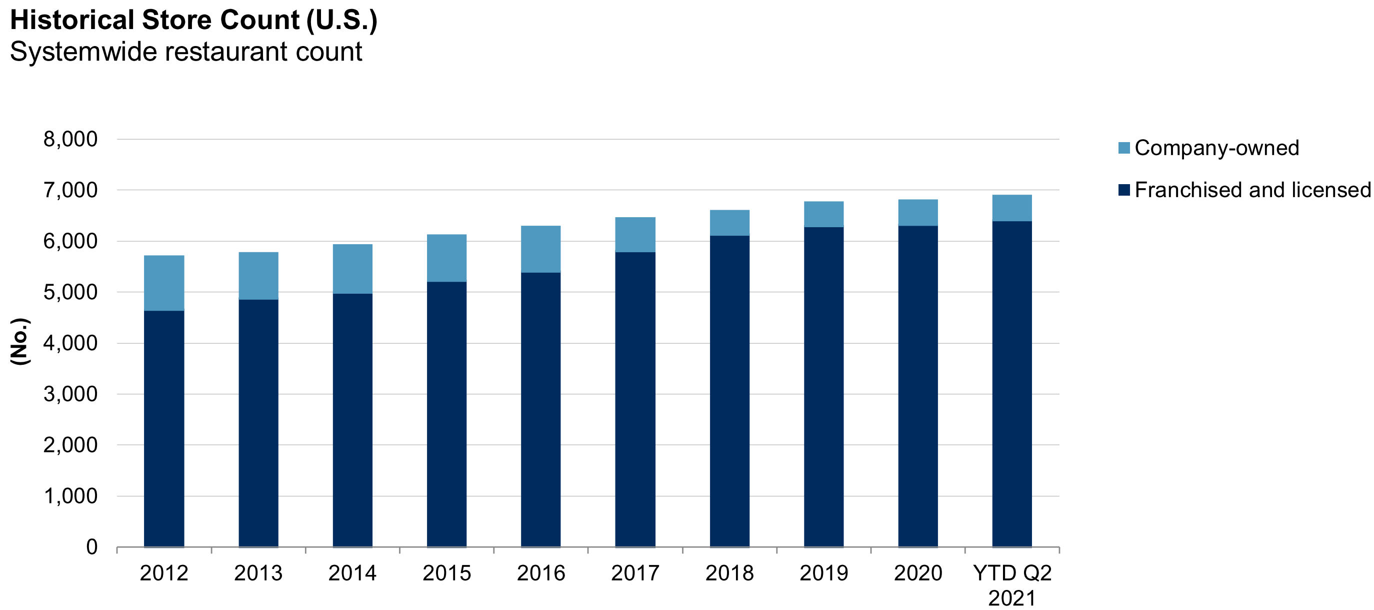
Summary Of The Business

Taco Bell, a wholly owned subsidiary of Yum, is the world's largest quick-service Mexican restaurant chain. It is the franchisor to over 6,800 restaurants in the U.S. with approximately $12.1 billion in U.S. system sales and a current AUV of $1.8 million. It also accounts for around 50% of the market share for U.S. Mexican quick-service restaurants. The first Taco Bell restaurant opened in Downy, Calif. in 1962, and since then, the Taco Bell brand has survived multiple economic downturns. The company is currently 93% franchised with a presence in all 50 states, as well as in 31 countries and territories (although no international royalties will be included for in the securitization). The company's urban focus is key with several different types of restaurants, including walk-up, Cantina (which serves alcohol), and free-standing with drive-thru services.

Taco Bell specializes in Mexican-style food products, including various types of tacos, burritos, quesadillas, and now breakfast items. Traditional Taco Bell restaurants feature dine-in, carryout, and, in most instances, drive-thru services. Nontraditional restaurants, which are typically licensed outlets, include express units that have a limited menu and usually generate lower sales volumes. They also operate in nontraditional locations like malls, airports, gasoline stations, stadiums, offices, and colleges, where a full-scale traditional outlet may not be practical or efficient. Additionally, the company emphasizes "limited edition" products in an attempt to generate awareness and drive store traffic.

The number of domestic franchised and licensed restaurants has been growing since 2012 as part of the company's strategy to increase the percentage franchised (see chart 1). It has a diverse franchisee base, with the 10 largest franchisees operating approximately 38% of the total franchised locations in the U.S. The average remaining term on franchise agreements is 13.9 years. Taco Bell also has some concentration in California with 11.6% of stores located there. A handful of other states have some concentration of store locations between 5-10%, namely Texas, Florida, and Ohio (see chart 2). Systemwide sales for the restaurants have also been improving since 2011 (see chart 3). Same-store sales growth has slowed since 2012 but remains positive (see chart 4).

Chart 1

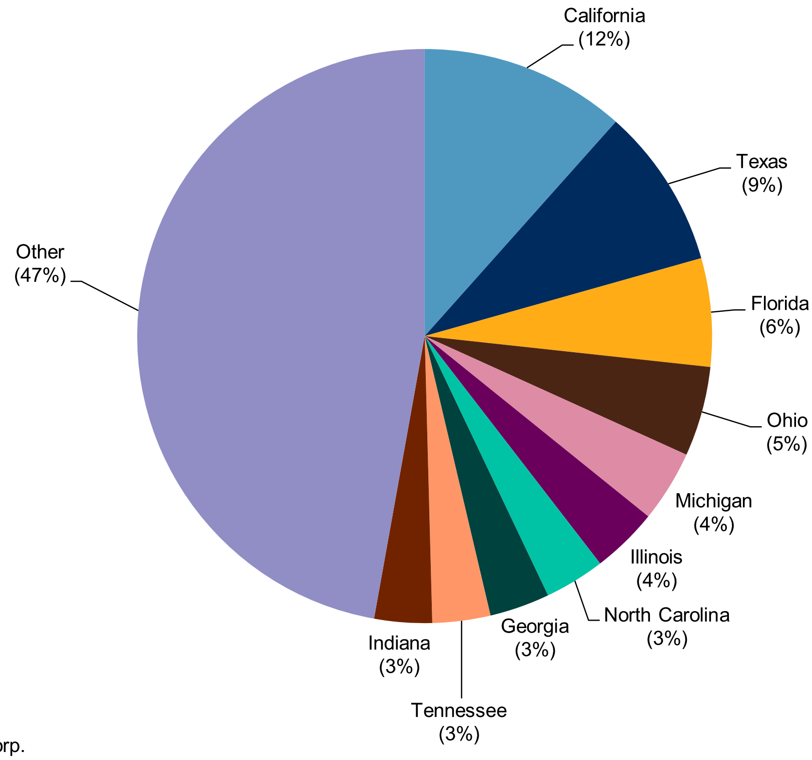


Source: Taco Bell Corp. Q2--Second quarter.

Chart 2

State Concentrations In North America

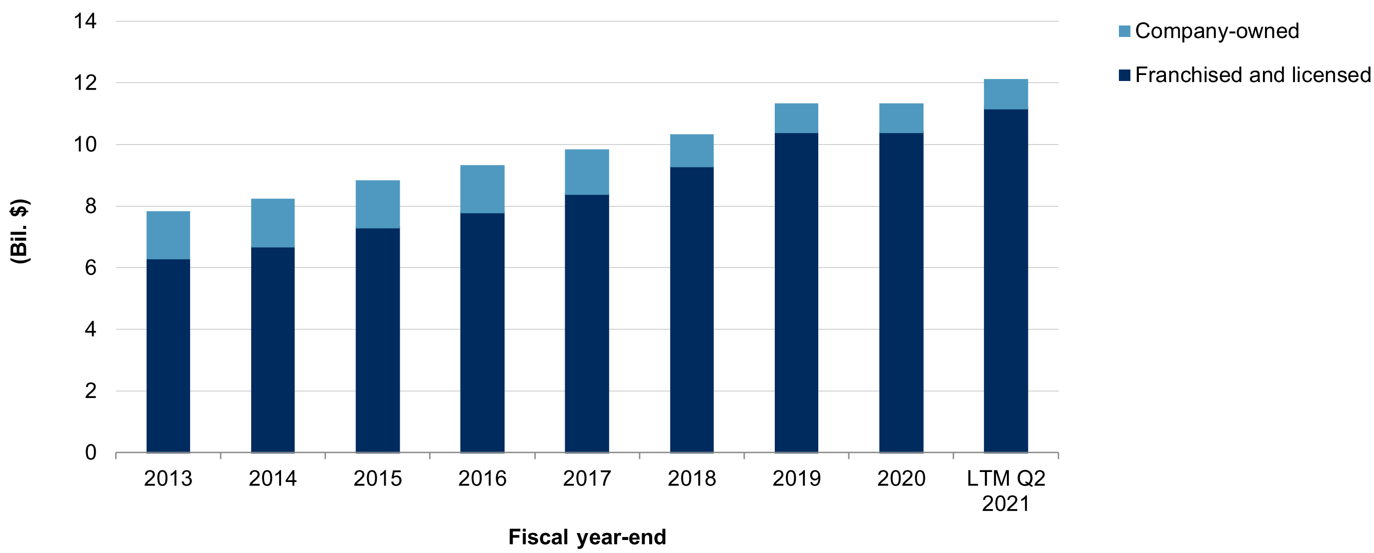
Top 10 states by total North American restaurant store count



Source: Taco Bell Corp.

Chart 3

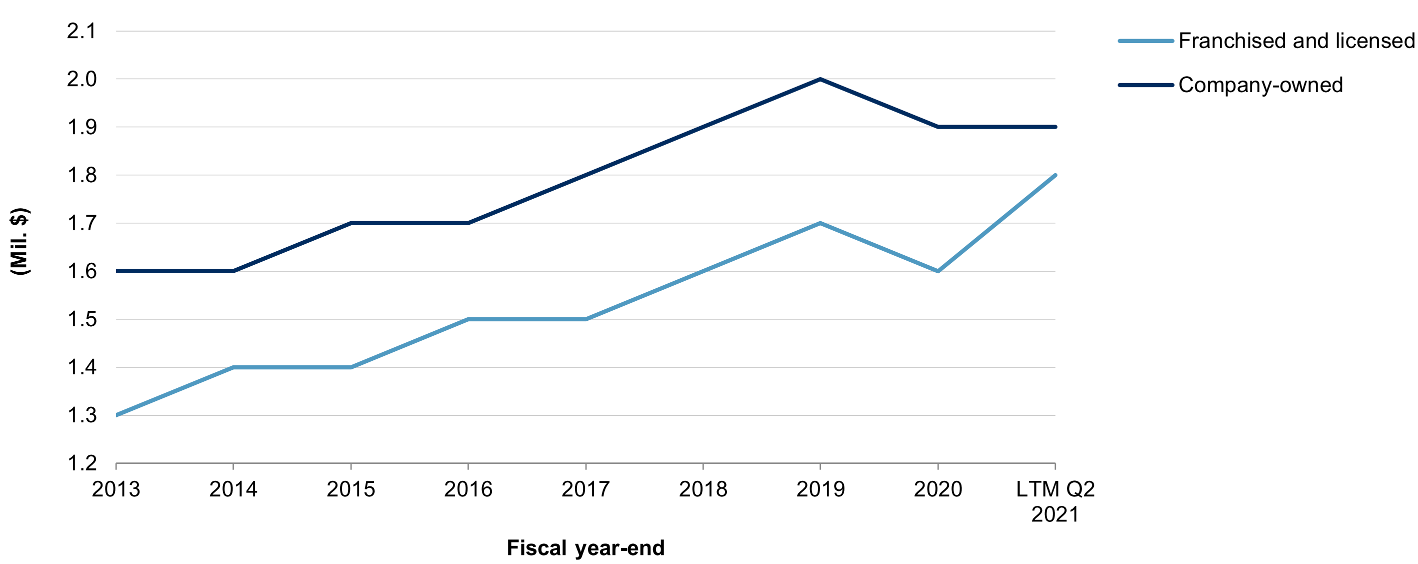
Historical U.S. Systemwide Sales



Source: Taco Bell Corp. LTM--Last 12 months. Q2--Second quarter.

Chart 4

Historical Average Unit Volume (U.S.)



Source: Taco Bell Corp. LTM--Last 12 months. Q2--Second quarter.

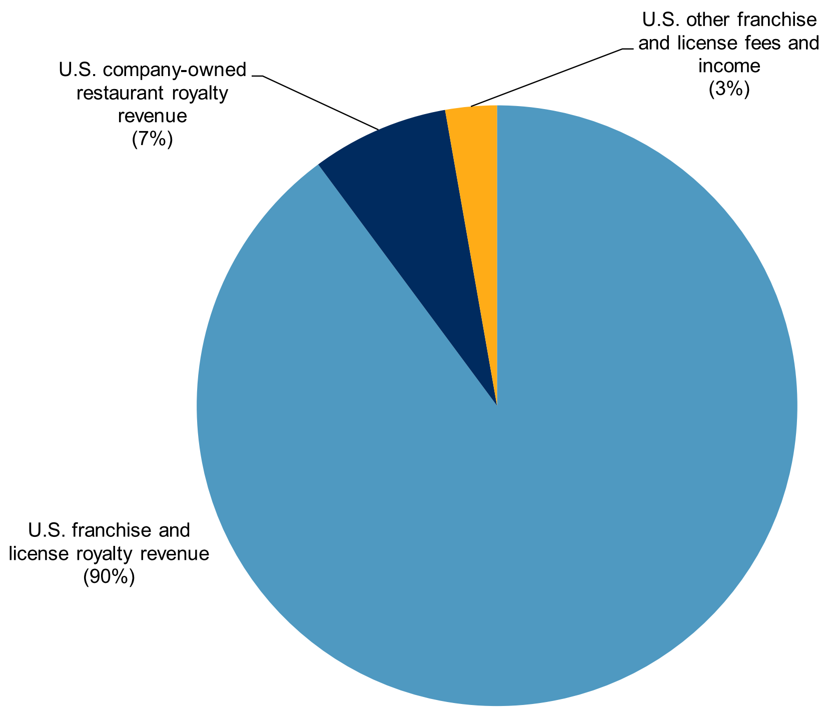
Collateral

The notes will be securitized by:

- Existing and future franchise license agreements for U.S. locations.
- Synthetic royalties on existing and future U.S. company-owned stores.
- Existing and future domestic intellectual property related to the Taco Bell brand.
- Certain transaction accounts.
- Equity interests in certain securitization entities.

Chart 5

Securitized Net Cash Flows



Source: Taco Bell Corp.

Key Credit Considerations

Table 2 outlines the key credit factors we considered in our analysis.

Table 2

Key Credit Considerations

Extensive operating history	Taco Bell has a 50-plus year operating history, with approximately 6,800 restaurants and $12.1 billion of systemwide sales in the U.S. The first Taco Bell restaurant opened in Downy, Calif., in 1962, and since then, the Taco Bell brand has survived multiple economic downturns. This supports the likelihood that brand loyalty, and thus sales, will continue even in the event that Taco Bell Corp. is replaced as the manager.
High franchised percentage	As of first-quarter 2021, 93% of Taco Bell's systemwide stores are operated by franchisees. We believe a high franchised percentage provides the transaction with better cash flow stability and independence from the manager than transactions with lower percentages of franchised stores.
Diversified franchisee network	The company has a diversified franchisee base with over 300 franchisees operating approximately 6,200 locations in the U.S. The top 10 franchisees account for approximately 34% of store locations.
Geographic diversification	Taco Bell operates in all 50 states with the three largest states accounting for approximately 26.7% of the company's U.S. store count (California at 11.6%, Texas at 9.0%, and Florida at 6.1%).

Credit Rating Methodology

Table 3 details our specific conclusions for each of the five analytical steps in our ratings process for Taco Bell Funding LLC's series 2021-1 issuance.

Table 3

Credit Rating Steps

Step	Result	Comment
Step 1		
Eligibility analysis	Pass	We believe that the system of franchised restaurants would likely continue to generate cash flow following a bankruptcy by the manager, because individual franchisees generally operate independently from the manager (aside from their reliance on the manager's SG&A functions, which we believe can be transferred to a backup manager). As long as a brand has sufficient customer loyalty, royalty revenues can continue to be available to service securitization debt, assuming the assets have been isolated via a true sale to a bankruptcy-remote special-purpose entity. Because we do not believe that substantially all cash flow from the system will be at risk following a manager bankruptcy, our subsequent analysis quantifies the impact of the correlated cash flow decline from the Taco Bell system and compares that to ongoing required interest and principal payments to the rated debt.
Step 2		
Business volatility score	3(i)	Yum! Brands Inc.'s BRP is currently "strong," which maps to an unadjusted BVS of 2. We adjusted that BVS upward by one notch to '1' because the cash flows are revenue-based, and the system has demonstrated stability over more than 50 years. However, because Taco Bell represents about 6,800 stores out of nearly 45,000 for Yum! Brands Inc. (the parent), and all series of the Taco Bell securitization represent only $3.6 billion out of nearly $11.5 billion of debt outstanding for Yum! Brands Inc., we move down two levels from the implied BVS of '1' to a '3'.
Cash flow assumptions	See table 4 below	
Min. base DSCR	1.83x	Principal and interest are fully paid in this scenario.
Anchor	'bbb-'	Determined per table 1 of our corporate securitization criteria, "Global Methodology And Assumptions For Corporate Securitizations," published June 22, 2017.

Table 3

Credit Rating Steps (cont.)

Step	Result	Comment
Min. downside run DSCR	1.60x	Principal and interest are fully paid in this scenario.
Step 3		
Resiliency score	Satisfactory	Determined per table 3 of the Corporate Securitization criteria.
Resiliency adjusted anchor	'bbb'	Determined per table 4 of the Corporate Securitization criteria.
Step 4		
Modifier analysis	No adjustment	This structure is not an outlier from a leverage perspective and the anticipated repayment dates as well as liquidity and deleveraging triggers are all comparable to other rated transactions.
Step 5		
Comparable rating analysis	No adjustment	No adjustments.

(i)The mappings from BRP to BVS are: Excellent=1; Strong=2; Satisfactory=3; Fair=4; Weak=5; and Vulnerable=6. SG&A--Sales, general, and administrative. BRP--Business risk profile. BVS--Business volatility score. DSCR--Debt service coverage ratio.

Cash Flow Assumptions

Table 4 details our cash flow assumptions.

Table 4

Cash Flow Assumptions

	Cumulative decline (%)		
Asset cash flow category	**Base case**	**Downside case**	**Description**
Royalty revenue and fees	0	15	Franchise and company-owned store royalties, which constitute a majority of the overall projected cash flow, are a function of store count, AUV, and royalty rates.
All other securitization collections	0	30	All other securitization collections.

AUV--Average unit volume.

Sensitivity Analysis

Sensitivity run 1: Management fee stress

Using the base-case assumptions in table 4, we determined that the management fee could be increased by as much as 340% (translating to an approximately 56% reduction in net securitized cash flow relative to the base case) without any impact on the transaction's ability to pay timely interest and full principal payments by the legal final maturity. In our opinion, the additional management fee stresses are what could occur if Taco Bell experienced a bankruptcy. While the management fee is currently outlined in the transaction documents, we believe that it may be possible that such fees are renegotiated in a potential bankruptcy scenario.

Sensitivity run 2: Event-driven stress

Starting with the base-case scenario assumptions, we determined the maximum haircut to cash flow that would allow timely interest and full principal payments by the transaction's legal final maturity date. This haircut to cash flow after fees is approximately 56%. We examined several event risks associated with cash flow losses, including the equivalent of royalty losses from the top 10 states by store count as well as the equivalent of losses on systemwide sales resulting from bankruptcies of the largest 15 franchisees. Under these scenarios, our analysis showed that the transaction could pay timely interest and full principal by legal final maturity.

Structural Protection Summary

The structural features and credit enhancements (see table 5) are generally consistent with those of other recently rated corporate securitizations.

Table 5

Structural Features

Test	Taco Bell Funding LLC (Series 2021-1)
Rapid amortization DSCR trigger (P&I)	1.20x
Rapid amortization system-wide sales	$4.2 billion Taco Bell U.S. systemwide sales
Cash trap trigger (P&I)	1.75x (50% trap); 1.5x (100% trap)
ARD horizon(i)	5.5 years for class A-2-I, 7.5 years for class A-2-II, and 10 years for class A-2-III
Scheduled amortization through ARD (%)	1.0
Manager termination DSCR trigger (IO)	1.2x
Event-of-default DSCR trigger (IO)	1.1x

Table 5

Structural Features (cont.)

Test	Taco Bell Funding LLC (Series 2021-1)
Management fee	The management fee, which includes both fixed and variable components, is a function of the total stores in operation. According to the transaction documents, the fixed component is assumed to be $29.8 million annually, and the variable component is assumed to be $8,700 for every $100,000 of aggregate retained collections over the preceding four quarterly fiscal periods. The management fee is also subject to a 2% annual increase if the increased amount does not exceed 35% of retained collections in the preceding four quarterly collection periods.

(i)Failure to pay the notes in full by their applicable ARDs constitutes a rapid amortization event, but not an event of default. Given a rapid amortization event, pro rata rapid amortization will begin for all class A-2 tranches for all outstanding series. (ii)Applies only to the 2021-1 A-2-III notes. DSCR--Debt service coverage ratio. P&I--Principal and interest. ARD--Anticipated repayment date. IO--Interest only.

Payment Priority

The series 2021-1 transaction will issue class A-2 notes that will pay interest and principal quarterly in the priority shown below.

Table 6

Payment Priority

1	Solely with respect to indemnification amounts and asset disposition proceeds, reimburse the trustee, then the servicer, for any unreimbursed advances; then reimburse the manager for any unreimbursed manager advances; then on and after any class A-1 notes renewal date, prepay and permanently reduce the commitments under all related class A-1 notes; then prepay the outstanding principal amount of all senior notes; then prepay the outstanding principal amount of all senior subordinated notes, if any; then prepay the outstanding principal amount on all subordinated notes, if any.
2	Reimburse the trustee, then the servicer, for any unreimbursed advances; then reimburse the manager for any unreimbursed manager advances; then pay the servicer all servicer fees, liquidation fees, and workout fees. On and after the 2021 springing amendments implementation date, any such fees previously accrued and unpaid following the series 2021-1 closing date.
3	The successor manager transition expenses, if any.
4	The weekly management fee to the manager. On and after the 2021 springing amendments implementation date, pay any previously accrued and unpaid weekly management fee to the manager following the series 2021-1 closing date.
5	Pro rata, capped securitization operating expenses amount first, then, if an event of default has occurred and is continuing, to the trustee the post-default capped trustee expenses amount.
6	The senior notes' accrued quarterly interest amount, to pay any class A-1 notes accrued quarterly commitment fees amount and hedge payment amount, if any.
7	Any capped class A-1 notes' administrative expenses amount.
8	The senior subordinated notes' accrued quarterly interest amount, if any.
9	The senior notes' interest reserve account deficit amount and the senior subordinated notes' interest reserve account deficit amount, if any.
10	The senior notes' accrued scheduled principal payments amount, the senior notes' scheduled principal payment deficiency amount, amounts that will become due under any class A-1 note purchase agreement, and for any series of class A-1 notes for which the renewal date has not occurred, any outstanding principal amounts due for that series.
11	The supplemental management fee, if any.
12	On or after any class A-1 note renewal date, all remaining funds to the class A-1 notes.

Table 6

Payment Priority (cont.)

13	If no rapid amortization has occurred, to the cash-trap reserve account an amount equal to the cash trapping amount, if any.
14	If a rapid amortization has occurred and is continuing, use all remaining amounts to pay down first the class A-1 notes, then the remaining senior notes and then the senior subordinated notes.
15	If no rapid amortization event has occurred and is continuing, pay the senior subordinated notes' accrued scheduled principal payments amount and the senior subordinated notes' scheduled principal payment deficiency amount, if any.
16	The subordinated notes' accrued quarterly interest amount, if any.
17	If no rapid amortization event has occurred and is continuing, the subordinated notes' accrued scheduled principal payments amount and the subordinated notes scheduled principal payment deficiency amount, if any.
18	If a rapid amortization has occurred and is continuing, use all remaining amounts to pay down the subordinated notes, if any.
19	Any amounts in excess of the capped securitization operating expense amount.
20	The excess class A-1 notes' administrative expenses amounts, if any.
21	The class A-1 notes' other amounts, if any.
22	After the ARD, the senior notes' accrued quarterly post-ARD-contingent additional interest amount.
23	After the ARD, the senior subordinated notes' accrued quarterly post-ARD-contingent additional interest amount.
24	After the ARD, the subordinated notes' accrued quarterly post-ARD-contingent additional interest amount.
25	Hedge termination payments and other amount payable to a hedge counterparty, if any.
26	Any unpaid premiums and make-whole prepayment consideration.
27	Any remaining funds at the issuer's direction.

ARD--Anticipated repayment date.

The management fee definition has been revised. In keeping with our operational risk assessments, S&P Global Ratings has reviewed the updated terms and itemized core expenses contemplated in the management fee formulation, and also incorporated the updated definition into our cash flow analysis. The updated terms were also reviewed by the backup manager, who is obligated to develop/implement a transition plan and serve as successor manager upon a manager termination event.

Surveillance

We will maintain active surveillance on the rated notes until the notes mature or are retired. The purpose of surveillance is to assess whether the notes are performing within the initial parameters and assumptions applied to each rating category. The transaction terms require the issuer to supply periodic reports and notices to S&P Global Ratings for maintaining continuous surveillance on the rated notes.

We view Taco Bell's performance as an important part of analyzing and monitoring the performance and risks associated with the transaction. While company performance will likely have an effect on the transaction, we believe other factors, such as cash flow, debt reduction, and legal framework, also contribute to the overall analytical opinion.

Related Criteria

- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | ABS: Global Methodology And Assumptions For Corporate Securitizations, June 22, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Summary: Yum! Brands Inc., May 31, 2018
- Restaurant Securitizations Are Structured To Survive A Big Bite, Sept. 7, 2017
- Why Social Media Should Be A #trendingtopic In Corporate Securitization Analysis, June 9, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016