
**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)

July 11, 2007

Commission file number 1-13163

YUM! BRANDS, 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
(Address of principal executive offices)

40213
(Zip Code)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition

On July 11, 2007, YUM! Brands, Inc. issued a press release announcing financial results for the quarter ended June 16, 2007. A copy of the press release is attached hereto as Exhibit 99.1.

Section 8 - Other Events

Item 8.01 Other Events

On July 11, 2007, YUM! Brands, Inc. updated its full year 2007 guidance. A copy of the guidance is attached hereto as Exhibit 99.2.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

99.1 Earnings Press Release dated July 11, 2007 from YUM! Brands, Inc.

99.2 Guidance Update dated July 11, 2007 from YUM! Brands, Inc.

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.

YUM! BRANDS, INC.
(Registrant)

Date: July 11, 2007

/s/ Ted F. Knopf

*Senior Vice President of Finance
and Corporate Controller
(Principal Accounting Officer)*

Yum! Brands Inc. Reports Strong Second-Quarter 2007 EPS Growth of 15% or \$0.39 Per Share, Led by Consistent Growth in China and International Divisions

Raises Full-Year EPS Growth Forecast to 12% from 11%

LOUISVILLE, Ky.--(BUSINESS WIRE)--July 11, 2007--Yum! Brands Inc. (NYSE: YUM) today reported results for the second quarter ended June 16, 2007.

Note: Unless otherwise noted, all earnings per share (EPS) figures discussed in this release are on a split-adjusted basis, giving effect to the two-for-one stock split on June 26, 2007.

Highlights for the second quarter are...

-- Worldwide system-same-store sales grew by 2%, including 7% growth in mainland China, 5% growth in Yum! Restaurants International Division (YRI), and flat results in the U.S.

-- Strong double-digit system-sales growth from both our international businesses: China Division, +25%; YRI, +15%.

-- Mainland China restaurant unit growth of 19%.

-- YRI unit growth of 4%, the eighteenth consecutive quarter of at least 3% year-over-year unit growth, our ongoing growth target.

-- Double-digit operating-profit growth from our international divisions: China, +14%, and YRI, +15%.

-- Average diluted shares outstanding were reduced by 3%, the twelfth consecutive quarter with year-over-year share reduction as a result of substantial share buybacks.

-- An overall effective tax rate of 21.5%, which was 7.5 percentage points lower than last year's.

Note: All preceding comparisons are versus the same period a year ago.

FULL-YEAR 2007 OUTLOOK

We have raised our full-year EPS growth forecast to 12% from 11% based on the continued strong growth from our China and YRI divisions. The new full-year EPS forecast is \$1.63 per share. (Previously, our guidance, pre-split, was for full-year EPS of \$3.23. It is now 3 cents higher at \$3.26 on the "pre-split" basis. The two-for-one stock split was effective on June 26, 2007.)

CONSOLIDATED FINANCIAL HIGHLIGHTS

	Second Quarter			Year To Date		
	2007	2006	%Change	2007	2006	%Change
Traditional Restaurants	32,708	32,022	+2	32,708	32,022	+2
System-Sales Growth	+7%	+5%	NM	+6%	+5%	NM
Reported EPS	\$0.39	\$0.34	+15	\$0.74	\$0.64	+17

Note: YUM has 34,820 restaurant locations around the world, which include 2,112 license units.

David C. Novak, Chairman and CEO, said, "I am pleased to report that robust second-quarter sales in both our China and YRI divisions, coupled with a reduction in our tax rate, helped drive strong EPS growth of 15%. This quarter demonstrated once again the tremendous growth potential of our global portfolio. In fact, we are raising our full-year EPS growth rate, now +12% from +11%.

"Our mainland China business continues to generate strong top-line growth with same-store-sales growth of +7%, while we are well on our way to opening another 375 new restaurants for 2007. Furthermore, our YRI Division had one of its best quarterly performances ever, delivering system-sales growth of 11% and is on pace to open 800 new YRI restaurants in 2007. This global growth will contribute to Yum! Brands' seventh straight year of opening at least 1,000 new restaurants outside the U.S. Importantly, we anticipate this pace of development will be maintained into the future, reinforcing our position as the leading international retail developer.

"In the U.S., we are making steady progress toward a full recovery with improving sales results across our brands in the second quarter. We continue to expect to generate positive growth in our second-half results after a first-half decline in sales and profits. Overall for the U.S., we expect full-year operating profit growth to be slightly positive.

"There is no question that we are continuing to build our strong global brand positions and demonstrate our track record for consistency in spite of a challenging global environment from commodity inflation. In summary, this will be the sixth straight year that we demonstrate the strength of our global portfolio to beat our target of at least 10% EPS growth. We expect to continue generating substantial free cash flow in 2007, which allows us to return to our shareholders another \$1 billion through share buybacks, which will reduce our reported share count by at least 3%. We are also providing a meaningful dividend currently with a yield of nearly 2%. The key factor behind these consistent results is the undeniable strength of our global portfolio. Our shareholders should expect us to build on our strong global position by continuing to execute our four key strategies: (1) Build dominant restaurant brands in China; (2) Drive profitable international expansion; (3) Improve U.S. brand positioning and returns; and (4) Drive high ROIC and strong shareholder payout."

CHINA DIVISION

(\$ million, except restaurant counts and percentages)	Second Quarter				Year To Date			
			%Change				%Change	
	2007	2006	Reported	Excl F/x	2007	2006	Reported	Excl F/x
Key Financial Measures								
System-Sales Growth			+25	+19			+24	+19
MAINLAND CHINA (MLC) ONLY			+27	+22			+28	+23
Same-Store-Sales Growth MLC ONLY			NA	+7			NA	+8
Company Sales	439	352	+25	+19	770	621	+24	+19

Restaurant Margin% 18.2 18.8 (0.6) (0.6) 20.2 20.1 +0.1 +0.1 Operating Profit 65 57 +14 +9 141 115 +23 +18

Key Development Metrics for MAINLAND CHINA ONLY

Total YUM								
Restaurants	2,281	1,915	+19	NA	2,281	1,915	+19	NA
KFC	1,940	1,657	+17	NA	1,940	1,657	+17	NA
Pizza Hut Casual Dining	289	221	+31	NA	289	221	+31	NA
Pizza Hut Home Service	41	31	+32	NA	41	31	+32	NA

Note: China Division includes mainland China, Thailand and the KFC Taiwan business.

For the second quarter and year to date, China Division results were driven by strong system-sales growth from continued broad development of our brands in terms of both unit expansion and same-store-sales growth in mainland China. This is represented by 22% growth of system sales in local currency for the second quarter and 23% for the year to date. For the second quarter, same-store-sales growth in mainland China was a strong 7%.

Second-quarter 2007 reported operating profit for mainland China increased 20% with same-store-sales growth and continued new-unit development for both KFC and Pizza Hut as the key contributing factors. Reported operating profit for the China Division overall increased 14% versus last year, as weak performances in our Thailand and KFC Taiwan markets impacted the division's growth rate. Increased levels of commodity inflation for some food ingredients, including chicken and higher labor costs moderated the overall growth of operating profit and resulted in a decline in restaurant margin. We expect these factors to continue, with the rate of commodity inflation expected to increase during the second half of 2007.

YUM! RESTAURANTS INTERNATIONAL DIVISION (YRI)

(\$ million, except restaurant counts and	Second Quarter				Year To Date			
			%Change				%Change	
				Excl				Excl

percentages)	2007	2006	Reported	F/x	2007	2006	Reported	F/x
Key Financial Measures								
System-Sales Growth								
			+15	+11			+14	+10
Franchise & License Fees	122	108	+14	+11	243	218	+12	+9
Franchisee Sales	2,185	2,026	+8	+5	4,371	4,097	+7	+5
Company Sales	574	381	+51	+44	1,134	740	+53	+47
Operating Margin%	14.6	18.1	(3.5)	(3.5)	16.0	19.1	(3.1)	(2.9)
Operating Profit	101	88	+15	+11	220	183	+20	+17

Key Financial Measures Excluding Impact from Pizza Hut U.K.

Acquisition (October 2006)								
Company Sales			+8	+1			+8	+2
Operating Profit			+15	+11			+21	+17

Key Development Metrics								
Traditional								
Restaurants	11,889	11,438	+4	NA	11,889	11,438	+4	NA
KFC	6,688	6,327	+6	NA	6,688	6,327	+6	NA
Pizza Hut	4,726	4,645	+2	NA	4,726	4,645	+2	NA
Franchise								
Restaurants	9,607	9,000	+7	NA	9,607	9,000	+7	NA

System-sales increased 11% in local currency terms, one of the best quarterly performances ever for the division. In particular, the KFC brand delivered strong system-sales growth of 14% in local currency terms with strong performances across our franchise markets as well as our KFC U.K. business. Overall, the vast majority of our YRI markets generated solid same-store-sales growth, +5% for the system, and we are continuing to add new KFC and Pizza Hut restaurants around the world primarily through franchise development. YRI opened 178 new traditional restaurants for the second quarter 2007 and 322 year to date, of which 93% were opened by franchisees.

Second-quarter 2007 operating profit for YRI increased 15% including the positive impact of foreign currency translation. Restaurant margin declined slightly primarily due to the inclusion of our Pizza Hut U.K. business as a company-owned business this year. Excluding the impact of the acquisition of our Pizza Hut U.K. business, restaurant and operating margins would have increased by 0.9 and 0.7 percentage points respectively.

UNITED STATES BUSINESS

(\$ million, except restaurant counts and percentages)	Second Quarter			Year To Date		
	2007	2006	%Change	2007	2006	%Change
Key Financial Measures						
Blended Same-Store-Sales Growth%						
Company	(3)	Even	NM	(5)	+2	NM
System	Even	+1	NM	(2)	+3	NM
Franchisee Sales	3,097	2,967	+4	6,029	5,879	+3
Company Sales	1,060	1,179	(10)	2,111	2,370	(11)
Franchise & License Fees	158	151	+5	307	299	+3
Restaurant Margin%	15.3	16.1	(0.8)	14.3	15.5	(1.2)
Operating Profit	191	194	(2)	356	382	(7)
Operating Margin%	15.6	14.6	1.0	14.7	14.3	0.4
Key Development Metrics						
Total Traditional						
Restaurants	18,021	18,164	(1)	18,021	18,164	(1)
System Multibrand						
Restaurants	3,518	3,224	+9	3,518	3,224	+9

For the second quarter, U.S. system-same-store sales, which includes franchisees' sales, were flat versus prior year as positive franchise performance offset a 3% decline for company restaurants. The primary driver of the 3% decline in company same-store-sales was a decline of 7% at Taco Bell.

For the second quarter, franchise sales and fees grew as a result of the expansion of our franchise-restaurant base due to the sale of 492 company-owned restaurants to franchisees (refranchising) over the past four quarters. In the second quarter of 2007, 42 U.S. restaurants were refranchised, resulting in a shift of revenues from Company Sales to Franchise Fees. Company sales decreased by 10% in the second quarter, with 8% of that reduction due to refranchising; commensurately, franchisee fees grew by 5%.

For the second quarter, U.S. operating profit decreased 2% versus last year due to a decline in restaurant margin. Furthermore, restaurant margin declined primarily due to higher commodity and labor costs, as well as operating deleverage from a drop in company same-store sales. These factors were partially offset by lower insurance expenses.

For the full year 2007, we expect U.S. operating profit growth to be slightly positive based on improved second-half performance.

U.S. REFRANCHISE PLAN UPDATE

Our current three-year U.S. refranchising plan, through 2008, is to sell approximately 1,500 company restaurants to franchisees, which will increase U.S. franchise ownership to approximately 83% of the system from 78% today. This will reduce the number of U.S. company-owned restaurants from over 4,686, at the start of this program in 2006, to approximately 3,200 by year-end 2008, a reduction of more than 30% in restaurant count. This is a result of our regular review of company operations and our "Earn the Right to Own" principle.

Since the beginning of 2006, a total of 599 company-owned U.S. restaurants were sold to franchisees, including 42 U.S. restaurants in the second quarter 2007.

FREE CASH FLOW UPDATE

For 2007, we expect to again return over \$1 billion to shareholders through both significant share buybacks and dividends. This would be the third consecutive year that we have returned more than 100% of the company's net income to our shareholders. As announced December 5, 2006, we doubled our quarterly dividend with the second-quarter 2007 payment.

During the second-quarter 2007, we purchased 7.2 million shares at an average split-adjusted purchase price of \$31.97, or a total of \$231 million.

FOREIGN CURRENCY IMPACTS

(operating profit \$ million) Division	2007	
	Second Quarter	Year To Date
YRI	+4	+6
China	+3	+6

YUM ONGOING EARNINGS GROWTH MODEL

-- China Division operating-profit growth of 20%. This growth is driven largely by new-unit development in mainland China. Our key metric for mainland China is system-sales growth with an annual target of +20% driven by at least 375 new-restaurant openings.

-- YRI Division operating-profit growth of 10%. This growth is driven mainly by new-unit development measured by system-sales growth of at least 5% (at least 3% unit growth and 2% to 3% same-store-sales growth) including 750 new-restaurant openings.

-- U.S. operating-profit growth of 5% with same-store-sales growth of +2% to +3% and leverage of the G&A infrastructure.

-- EPS growth of at least 10%. This assumes operating profit performance from our three lines of business as previously noted with additional benefit from reduction in shares outstanding due to substantial share buybacks.

FULL-YEAR 2007 UPDATE

-- EPS growth is increased to at least 12%, or at least \$1.63 per share, from prior EPS guidance of at least \$1.62 or 11% growth (split-adjusted).

-- China Division's operating profit growth is expected to be 20%, driven by higher than expected revenue growth partially offset by higher commodity and labor costs.

-- YRI Division's operating-profit growth is expected to meet or exceed the targets set forth in the long-term earnings growth model.

-- U.S. operating profit growth is expected to be slightly positive driven by better results during the second half of 2007.

For the updated version of our detailed full-year 2007 guidance table, please refer online to <http://investors.yum.com/phoenix.zhtml?c=117941&p=irol-newsEarnings>.

2007 Second-Quarter End Dates		2007 Third-Quarter End Dates	
International Division	5/21/2007	International Division	8/13/2007
China Division	5/31/2007	China Division	8/31/2007
U.S. Business	6/16/2007	U.S. Business	9/8/2007

CONFERENCE CALL

Yum! Brands Inc. will host a conference call to review the company's financial performance and strategies at 9:15 a.m. ET Thursday, July 12, 2007.

For U.S. callers, the number is 877/815-2029. For international callers, the number is 706/645-9271.

The call will be available for playback beginning at noon Eastern Time Thursday, July 12, through 5 p.m. Friday, July 20. To access the playback, dial 800/642-1687 in the United States and 706/645-9291 internationally. The playback pass code is 5793810.

The call and the playback can be accessed via the Internet by visiting Yum! Brands' Web site, www.yum.com, and selecting "2nd-Quarter Earnings Webcast."

For your added convenience... A podcast will be available within 24 hours of the end of the call at www.yum.com/investors.

ADDITIONAL INFORMATION ONLINE

The updated version of our detailed full-year 2007 guidance table is available online at <http://investors.yum.com/phoenix.zhtml?c=117941&p=irol-newsEarnings>.

Second-quarter restaurant-count details, definitions of terms, and segment-results reconciliation are available online at <http://investors.yum.com/phoenix.zhtml?c=117941&p=irol-newsEarnings>.

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, project, 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. Accordingly, you are cautioned not to place undue reliance on forward-looking statements. Factors that can cause actual results to differ materially include, but are not limited to, changes in global and local business, economic and political conditions in the countries and territories where Yum! Brands operates, including the effects of war and terrorist activities; changes in currency exchange and interest rates; changes in commodity, labor and other operating costs; changes in competition in the food industry, consumer preferences or perceptions concerning the products of the company and/or our competitors, spending patterns and demographic trends; the impact that any widespread illness or general health concern may have on our business and the economy of the countries in which we operate; the effectiveness of our operating initiatives and marketing, advertising and promotional efforts; new-product and concept development by Yum! Brands and other food-industry competitors; the success of our strategies for refranchising and international development and operations; the ongoing business viability of our franchise and license operators; our ability to secure distribution to our restaurants at competitive rates and to ensure adequate supplies of restaurant products and equipment in our stores; unexpected disruptions in our supply chain; publicity that may impact our business and/or industry; severe weather conditions; effects and outcomes of pending or future legal claims involving the company; changes in effective tax rates; our actuarially determined casualty loss estimates; new legislation and governmental regulations or changes in legislation and regulations and the consequent impact on our business; and changes in accounting policies and practices. Further information about factors that could affect Yum! Brands' financial and other results are included in the company's Forms 10-Q and 10-K, filed with the Securities and Exchange Commission.

Yum! Brands Inc., based in Louisville, Kentucky, is the world's largest restaurant company in terms of system restaurants with over 34,000 restaurants, which includes over 2,000 licensed restaurants, in more than 100 countries and territories. Four of the company's restaurant brands -- KFC, Pizza Hut, Taco Bell and Long John Silver's -- are the global leaders of the chicken, pizza, Mexican-style food and quick-service seafood categories respectively. Yum! Brands is the worldwide leader in multibranding, which offers consumers more choice and convenience

at one restaurant location from a combination of KFC, Taco Bell, Pizza Hut, A&W or Long John Silver's brands. The company and its franchisees today operate over 3,500 multibrand restaurants. Outside the United States in 2006, the Yum! Brands' system opened about three new restaurants each day of the year, making it one of the fastest growing retailers in the world. For the past four years, the company has been recognized as one of Fortune Magazine's "Top 50 Employers for Minorities." It also has been recognized as one of the "Top 50 Employers for Women" by Fortune, one of the "40 Best Companies for Diversity" by Black Enterprise Magazine for the past three years, one of Black Enterprise Magazine's "30 Hottest Franchises for 2006," one of the "Corporate 100 Companies Providing Opportunities for Hispanics" by Hispanic Magazine, one of the "Top 50 Corporations for Supplier Diversity" by Hispanic Trends Magazine and by BusinessWeek as one of the "Top 15 Companies for In-Kind Corporate Philanthropy."

Yum! Brands, Inc. Consolidated Summary of Results

(amounts in millions, except per share amounts)

(unaudited)

	Quarter		%Change	Year to date		%Change
	6/16/07	6/17/06	B/(W)	6/16/07	6/17/06	B/(W)
Company sales	\$2,073	\$1,912	8	\$4,015	\$3,731	8
Franchise and license fees	294	270	9	575	536	7
Total revenues	2,367	2,182	9	4,590	4,267	8
Costs and expenses						
Food and paper	638	583	(9)	1,224	1,140	(7)
Payroll and employee benefits	527	492	(7)	1,041	969	(7)
Occupancy and other operating expenses	598	536	(12)	1,152	1,037	(11)
Company restaurant expenses	1,763	1,611	(10)	3,417	3,146	(9)
General and administrative expenses	287	264	(9)	549	518	(6)
Franchise and license expenses	10	9	(7)	18	17	(4)
Closures and impairment expenses	9	18	NM	13	24	NM
Refranchising (gain) loss	(4)	(15)	NM	(5)	(11)	NM
Other (income) expense	(8)	(12)	(28)	(28)	(16)	73
Total costs and expenses	2,057	1,875	(10)	3,964	3,678	(8)
Operating profit	310	307	1	626	589	7
Interest expense, net	38	36	(4)	74	71	(5)
Income before income taxes	272	271	1	552	518	7
Income tax provision	58	79	25	144	156	7
Net income	\$214	\$192	12	\$408	\$362	13
Effective tax rate	21.5%	29.0%		26.1%	30.1%	
Basic EPS Data						
EPS	\$0.41	\$0.35	15	\$0.77	\$0.66	17

Average shares outstanding	528	544	3	530	548	3
Diluted EPS Data						
EPS	\$0.39	\$0.34	15	\$0.74	\$0.64	17
Average shares outstanding	547	563	3	549	567	3
Dividends declared per common share	\$0.15	\$0.075		\$0.15	\$0.1325	

See accompanying notes.

Yum! Brands, Inc. UNITED STATES Operating Results

(amounts in millions)

(unaudited)

	Quarter		%Change	Year to date		%Change
	6/16/07	6/17/06	B/(W)	6/16/07	6/17/06	B/(W)
Company sales	\$1,060	\$1,179	(10)	\$2,111	\$2,370	(11)
Franchise and license fees	158	151	5	307	299	3
Revenues	1,218	1,330	(8)	2,418	2,669	(9)
Company restaurants						
Food and paper	310	332	7	610	672	9
Payroll and employee benefits	314	350	10	640	709	10
Occupancy and other operating expenses	275	308	11	560	621	10
	899	990	9	1,810	2,002	10
General and administrative expenses	117	125	6	239	251	5
Franchise and license expenses	7	7	(4)	12	11	(8)
Closures and impairment expenses	4	14	NM	4	15	NM
Other (income) expense	--	--	NM	(3)	8	NM
	1,027	1,136	10	2,062	2,287	10
Operating profit	\$191	\$194	(2)	\$356	\$382	(7)
Company sales	100.0%	100.0%	(1.0)	100.0%	100.0%	(0.5)
Food and paper	29.2	28.2	ppts.	28.9	28.4	ppts.
Payroll and employee benefits	29.6	29.6	ppts.	30.3	29.9	ppts.
Occupancy and other operating expenses	25.9	26.1	ppts.	26.5	26.2	ppts.
			(0.8)			(1.2)
Restaurant margin	15.3%	16.1%	ppts.	14.3%	15.5%	ppts.
			1.0			0.4
Operating margin	15.6%	14.6%	ppts.	14.7%	14.3%	ppts.

See accompanying notes.

Yum! Brands, Inc. INTERNATIONAL DIVISION Operating Results

(amounts in millions)

(unaudited)

	Quarter		%Change	Year to date		%Change
	6/16/07	6/17/06	B/(W)	6/16/07	6/17/06	B/(W)
Company sales	\$574	\$381	51	\$1,134	\$740	53
Franchise and license fees	122	108	14	243	218	12
Revenues	696	489	43	1,377	958	44
Company restaurants						
Food and paper	171	126	(36)	338	246	(37)
Payroll and employee benefits	152	94	(62)	297	178	(66)
Occupancy and other operating expenses	183	115	(60)	358	224	(60)
	506	335	(51)	993	648	(53)
General and administrative expenses	84	64	(33)	155	122	(28)
Franchise and license expenses	3	2	(15)	6	6	3
Closures and impairment expenses	3	3	NM	7	7	NM
Other (income) expense	(1)	(3)	(63)	(4)	(8)	(43)
	595	401	(49)	1,157	775	(49)
Operating profit	\$101	\$88	15	\$220	\$183	20
Company sales	100.0%	100.0%		100.0%	100.0%	
			3.3			3.5
Food and paper	29.9	33.2	ppts.	29.8	33.3	ppts.
Payroll and employee benefits	26.4	24.6	(1.8) ppts.	26.2	24.1	(2.1) ppts.
Occupancy and other operating expenses	31.8	30.1	(1.7) ppts.	31.5	30.1	(1.4) ppts.
			(0.2)			--
Restaurant margin	11.9%	12.1%	ppts.	12.5%	12.5%	ppts.
			(3.5)			(3.1)
Operating margin	14.6 %	18.1%	ppts.	16.0%	19.1%	ppts.

See accompanying notes. As discussed further at note (e), Company sales increased \$164 million and \$337 million, restaurant profit increased \$15 million and \$33 million, franchise fees decreased \$6 million and \$12 million and general and administrative expenses increased \$9 million and \$19 million compared to the quarter and year to date ended June 16, 2007, respectively, due to the ownership structure change of the Pizza Hut United Kingdom business.

Yum! Brands, Inc. CHINA DIVISION Operating Results

(amounts in millions)

(unaudited)

	Quarter		%Change B/(W)	Year to date		%Change B/(W)
	6/16/07	6/17/06		6/16/07	6/17/06	
Company sales	\$439	\$352	25	\$770	\$621	24
Franchise and license fees	14	11	29	25	19	29
Revenues	453	363	25	795	640	24
Company restaurants						
Food and paper	157	125	(25)	276	222	(24)
Payroll and employee benefits	61	48	(29)	104	82	(26)
Occupancy and other operating expenses	140	113	(25)	234	192	(22)
	358	286	(26)	614	496	(24)
General and administrative expenses	35	26	(33)	55	41	(32)
Franchise and license expenses	--	--	NM	--	--	NM
Closures and impairment expenses	2	1	NM	2	2	NM
Other (income) expense	(7)	(7)	13	(17)	(14)	27
	388	306	(27)	654	525	(24)
Operating profit	\$65	\$57	14	\$141	\$115	23
Company sales	100.0%	100.0%	(0.2)	100.0%	100.0%	(0.2)
Food and paper	35.7	35.5	ppts.	35.9	35.7	ppts.
Payroll and employee benefits	14.0	13.6	(0.4)	13.5	13.3	(0.2)
Occupancy and other operating expenses	32.1	32.1	--	30.4	30.9	0.5
Restaurant margin	18.2%	18.8%	(0.6)	20.2%	20.1%	0.1

See accompanying notes.

China Division includes mainland China, Thailand and KFC Taiwan

Yum! Brands, Inc. Condensed Consolidated Balance Sheets

(amounts in millions)

(unaudited)

	6/16/07	12/30/06
ASSETS		
Current Assets		
Cash and cash equivalents	\$436	\$319
Accounts and notes receivable, less allowance: \$20 in 2007 and \$18 in 2006	252	220
Inventories	98	93
Prepaid expenses and other current assets	152	138
Deferred income taxes	90	57
Advertising cooperative assets, restricted	76	74

Total Current Assets	1,104	901
Property, plant and equipment, net of accumulated depreciation and amortization of \$3,206 in 2007 and \$3,146 in 2006	3,552	3,631
Goodwill	656	662
Intangible assets, net	340	347
Investments in unconsolidated affiliates	118	138
Other assets	395	369
Deferred income taxes	265	305
	-----	-----
Total Assets	\$6,430	\$6,353
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	\$1,264	\$1,386
Income taxes payable	49	37
Short-term borrowings	306	227
Advertising cooperative liabilities	76	74
	-----	-----
Total Current Liabilities	1,695	1,724
Long-term debt	2,088	2,045
Other liabilities and deferred credits	1,190	1,147
	-----	-----
Total Liabilities	4,973	4,916
	-----	-----
Shareholders' Equity		
Preferred stock, no par value, zero shares and 250 shares authorized in 2007 and 2006, respectively; no shares issued	--	--
Common stock, no par value, 750 shares authorized; 521 shares and 530 shares issued in 2007 and 2006, respectively	--	--
Retained earnings	1,579	1,593
Accumulated other comprehensive loss	(122)	(156)
	-----	-----
Total Shareholders' Equity	1,457	1,437
	-----	-----
Total Liabilities and Shareholders' Equity	\$6,430	\$6,353
	=====	=====

See accompanying notes.

Yum! Brands, Inc. Condensed Consolidated Statements of Cash Flows

(amounts in millions)

(unaudited)

	Year to date	
	6/16/07	6/17/06
	-----	-----
Cash Flows - Operating Activities		
Net income	\$408	\$362
Depreciation and amortization	233	210
Closures and impairment expenses	13	24
Refranchising (gain) loss	(5)	(11)
Contributions to defined benefit pension plans	--	(18)
Deferred income taxes	(12)	(58)
Equity income from investments in unconsolidated affiliates	(21)	(21)
Distributions of income received from unconsolidated affiliates	20	15
Excess tax benefit from share-based compensation	(30)	(37)
Share-based compensation expense	29	30
Changes in accounts and notes receivable	(16)	25
Changes in inventories	(4)	1
Changes in prepaid expenses and other current assets	1	(24)
Changes in accounts payable and other current liabilities	(64)	(50)
Changes in income taxes payable	24	20
Other non-cash charges and credits, net	17	90
	-----	-----

Net Cash Provided by Operating Activities	593	558
	-----	-----
Cash Flows - Investing Activities		
Capital spending	(217)	(186)
Proceeds from refranchising of restaurants	65	48
Short-term investments	5	(31)
Sales of property, plant and equipment	25	26
Other, net	6	(16)
	-----	-----
Net Cash Used in Investing Activities	(116)	(159)
	-----	-----
Cash Flows - Financing Activities		
Proceeds from long-term debt	--	300
Repayments of long-term debt	(7)	(203)
Revolving credit facilities, three months or less, net	315	77
Short-term borrowings by original maturity		
More than three months - proceeds	1	--
More than three months - payments	(183)	--
Three months or less, net	11	4
Repurchase shares of common stock	(477)	(529)
Excess tax benefit from share-based compensation	30	37
Employee stock option proceeds	63	84
Dividends paid on common shares	(119)	(63)
	-----	-----
Net Cash Used in Financing Activities	(366)	(293)
	-----	-----
Effect of Exchange Rate on Cash and Cash Equivalents	6	3
	-----	-----
Net Increase in Cash and Cash Equivalents	117	109
Cash and Cash Equivalents - Beginning of Period	319	158
	-----	-----
Cash and Cash Equivalents - End of Period	\$436	\$267
	-----	-----

See accompanying notes.

Notes to the Consolidated Summary of Results, Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Cash Flows

(amounts in millions, except per share amounts)

(unaudited)

(a) Percentages may not recompute due to rounding.

(b) Amounts presented as of and for the quarter and year to date ended June 16, 2007 are preliminary.

(c) On May 17, 2007, the Company announced that its Board of Directors approved a two-for-one split of the Company's outstanding shares of Common Stock. The stock split was effected in the form of a stock dividend and entitled each shareholder of record at the close of business on June 1, 2007 to receive one additional share for every outstanding share of Common Stock held. The stock dividend was distributed on June 26, 2007, with approximately 261 million shares of Common Stock distributed. All per share and share amounts in the accompanying Consolidated Summary of Results and Condensed Consolidated Balance Sheets have been adjusted to reflect the stock split.

(d) Other (income) expense primarily includes equity income from our investments in unconsolidated affiliates in our China and International Divisions. In the quarter ended March 24, 2007, other (income) expense also included recognition of income of \$5 million associated with receipt of payment for a note receivable arising from the 2005 sale of our fifty percent interest in the entity that operated almost all KFCs and Pizza Huts in Poland and the Czech Republic to our then partner in the entity. In the quarter ended March 25, 2006, other (income) expense also included an \$8 million charge associated with the termination of a beverage agreement in the United States segment.

(e) During the fourth quarter of 2006, we completed the acquisition of the remaining fifty percent ownership interest of our Pizza Hut United Kingdom ("PHUK") unconsolidated affiliate. This unconsolidated affiliate owned over 500 restaurants in the United Kingdom. Prior to this acquisition, we accounted for our interest under the equity method. In 2007, our financial statements are presented consolidating the PHUK's results of operations and cash flows. As a result of this acquisition, Company sales increased \$164 million and \$337 million, restaurant profit increased \$15 million and \$33 million, franchise fees decreased \$6 million and \$12 million and general and administrative expenses increased \$9 million and \$19 million compared to the quarter and year to date ended June 17, 2006, respectively. The impacts on operating profit and net income were not significant.

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Yum! Brands' Full-Year 2007 Detailed Guidance Update

July 11, 2007 - Yum! Brands Inc. (NYSE: YUM) today November 30, 2006. updated the company's 2007 guidance provided

The company expects . . .

o Worldwide reported system-sales growth of +5% to +6%:

- Led by 22% (from 20%) growth in Mainland China, local currency basis; total China Division, including Thailand and KFC Taiwan, is expected to be +19% (from +18%), local currency basis.

- Yum! Restaurants International Division (YRI), at least +7% (from at least 5%), local-currency basis.

- U.S., flat to up slightly (from at least +3%).

o Worldwide reported revenue growth of +6% to +7% (from +5% to +6%):

- Led by at least 25% (from at least 20%) growth in Mainland China; total China Division, including Thailand and KFC Taiwan, is expected to be at least +19% (from 18%) local currency basis.

- YRI, at least +20% local currency basis. The acquisition of the remaining 50% interest in the Pizza Hut U.K. joint venture adds 20 percentage points of growth. In addition, YRI revenue growth previously noted includes the expected negative impact of 2006 and 2007 refranchising activities of approximately 6 percentage points as company sales are replaced by franchise royalties.

- U.S., down 6% to 7% (from down 5% to 6%), refranchising company restaurants in 2006 and 2007 negatively impacts U.S. revenue growth by 7 to 8 percentage points.

o Nearly 1,600 (from at least 1,500) new system restaurants to be opened worldwide:

- Over 400 (from 400) new China Division restaurants

- Over 800 (from 750) new YRI restaurants

- 350 new U.S. restaurants

o YRI net-restaurant expansion to be at least +3%.

o The U.S. restaurant base is expected to decrease slightly versus 2006, reflecting +1% to +2% net new-unit growth for Taco Bell, which will be offset by net closures at the other brands.

o U.S. blended same-store-sales growth at company restaurants in the range of flat to down slightly (from +2% to +3%) driven by better results during the second half of 2007.

o Growth in franchise fees of +7% (from at least +6%) resulting from worldwide restaurant expansion, same-store-sales growth, and refranchising in the U.S. and YRI.

o Worldwide restaurant margin down slightly (from slightly favorable) versus 2006 with declines expected in the U.S. and China divisions.

o General and administrative costs will increase versus 2006 by +5% due to the continued investment in mainland China and acquisition of the U.K. Pizza Hut joint venture. The U.K. Pizza Hut acquisition adds about \$30 million or 3 percentage points impact to YUM.

o Interest expense will be up about \$10 million versus 2006.

o Closure and impairment charges of \$30 to \$40 (from \$45 to \$55) million. Refranchising gains are expected to be \$0 to \$15 million.

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- o Approximately \$20 to \$30 (from \$10 to \$15) million positive impact from foreign currency conversion on operating profit for the full year. The Chinese renminbi, British pound sterling, Australian dollar, Korean won, Japanese yen, Canadian dollar, Mexican peso and European euro are important currencies in the company's international businesses.
- o Operating profit growth:
 - o China Division, +20% (from at least +20%) driven by higher revenue growth partially offset by lower restaurant margin.
 - o YRI, at least 10%
 - o U.S. slightly positive (from positive but lower than the long-term earnings growth-model target).
 - o Average shares outstanding of about 540 million split adjusted shares, or at least a 3% reduction.
 - o Effective tax rate of 26% to 28%.
 - o Return on invested capital to remain at about 18%.
 - o Capital expenditures to be about \$650 million. Pretax refranchising and surplus PP&E proceeds of about \$250 (from \$300) million are expected, this may range as low as \$200 million due to the uncertainty of the timing of transactions and the type of stores to be sold.
 - o Additional refranchising in the U.S. will reduce company ownership in the U.S. to 20% of the U.S. system total by the end of 2007.

PLEASE NOTE: The company will provide additional annual guidance for these preceding items only when there is a material change to the full-year expectations previously noted. Otherwise these expectations for full-year 2007 remain in effect

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21 E of the Securities Exchange Act of 1934, as amended. These statements include those identified by such words as may, will, expect, project, 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. Accordingly, you are cautioned not to place undue reliance on forward-looking statements. Factors that can cause actual results to differ materially include, but are not limited to, changes in global and local business, economic and political conditions in the countries and territories where Yum! Brands operates, including the effects of war and terrorist activities; changes in currency exchange and interest rates; changes in commodity, labor and other operating costs; changes in competition in the food industry, consumer preferences or perceptions concerning the products of the company and/or our competitors, spending patterns and demographic trends; the impact that any widespread illness or general health concern may have on our business and the economy of the countries in which we operate; the effectiveness of our operating initiatives and marketing, advertising and promotional efforts; new-product and concept development by Yum! Brands and other food-industry competitors; the success of our strategies for refranchising and international development and operations; the ongoing business viability of our franchise and license operators; our ability to secure distribution to our restaurants at competitive rates and to ensure adequate supplies of restaurant products and equipment in our stores; unexpected disruptions in our supply chain; publicity that may impact our business and/or industry; severe weather conditions; effects and outcomes of pending or future legal claims involving the company; changes in effective tax rates; our actuarially determined casualty loss estimates; new legislation and governmental regulations or changes in legislation and regulations and the consequent impact on our business; and changes in accounting policies and practices. Further information about factors that could affect Yum! Brands' financial and other results are included in the company's Forms 10-Q and 10-K, filed with the Securities and Exchange Commission.

Yum! Brands Inc., based in Louisville, Kentucky, is the world's largest restaurant company in terms of system restaurants with over 34,000 restaurants, which includes over 2,000 licensed restaurants, in more than 100 countries and territories. Four of the company's restaurant brands -- KFC, Pizza Hut, Taco Bell and Long John Silver's -- are the global leaders of the chicken, pizza, Mexican-style food and quick-service seafood categories respectively. Yum! Brands is the worldwide leader in multibranding, which offers consumers more choice and convenience at one restaurant location from a combination of KFC, Taco Bell, Pizza Hut, A&W or Long John Silver's brands. The company and its franchisees today operate over 3,500 multibrand restaurants. Outside the United States in 2006, the Yum! Brands' system opened about three new restaurants each day of the year, making it one of the fastest growing retailers in the world. For the past four years, the company has been recognized as one of Fortune Magazine's "Top 50 Employers for Minorities." It also has been recognized as one of the "Top 50 Employers for Women" by Fortune, one of the "40 Best Companies for Diversity" by Black Enterprise Magazine for the past three years, one of Black Enterprise Magazine's "30 Hottest Franchises for 2006, one of the "Corporate 100 Companies Providing Opportunities for Hispanics" by Hispanic Magazine, one of the "Top 50 Corporations for Supplier Diversity" by Hispanic Trends Magazine and by Business Week as one of the "Top 15 Companies for In-Kind Corporate Philanthropy."

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