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)
February 1, 2005

Commission file number 1-13163

YUM! BRANDS, INC.
(Exact name of registrant as specified in its charter)

North Carolina	13-3951308
(State or other jurisdiction of incorporation or organization)	(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

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 February 1, 2005, YUM! Brands, Inc. issued a press release announcing financial results for the quarter ended December 25, 2004. A copy of the press release is attached hereto as Exhibit 99.1.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated February 1, 2005 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: February 1, 2005

/s/ Gregory N. Moore
Senior Vice President and Controller
(Principal Accounting Officer)

Exhibit 99.1

Yum! Brands Inc. Reports Record Earnings Per Share, EPS, in 2004 of $2.36, an Increase of 15% Prior to Special Items; Reported EPS Including Special Items Was $2.42, an Increase of 20%

LOUISVILLE, Ky.--(BUSINESS WIRE)--February 1, 2005--Yum! Brands Inc. (NYSE: YUM):

-- Announces record fourth-quarter EPS of $0.73, an increase of 13% prior to special items.

-- Increases full-year 2005 EPS guidance by $0.01 to at least $2.60 prior to special items.

-- Reports estimated Period 1 International Division (excludes China Division) system sales increased 13% in U.S. dollar terms or 8% prior to foreign currency conversion.

-- Reports estimated Period 1 U.S. blended same-store sales at company restaurants increased 3% (Taco Bell, +3%; Pizza Hut, +6%; KFC, +1%).

Yum! Brands Inc. today reported results for the fourth quarter ended December 25, 2004.
The following are key points relative to the current fourth quarter and year-over-year performance:

-- Total international operating profit grew 13% or 8% prior to foreign currency conversion.

-- Total international system restaurants in operation at quarter's end increased by 5%, the eighteenth consecutive quarter of at least 5%, year-over-year growth.

-- International system restaurants in operation at quarter's end grew 28% in China, 6% in the U.K. and 5% in international franchise-only businesses.

-- U.S. multibrand restaurants in operation expanded by 23%.

-- Systemwide U.S. blended same-store sales increased 2%.

-- U.S. restaurant margin declined 2.1 percentage points primarily due to significantly higher commodity costs.

-- The tax rate prior to special items declined 4.4 percentage points to 24.1%. This boosted fourth-quarter EPS by one cent beyond what was indicated in the company's prior guidance calling for a 3 percentage point decline.

-- Fourth-quarter results included two cents of cost from accounting adjustments related to the current and prior years' impact of a change in interpretation related to accounting for leases and leasehold improvements.

-- The company paid a quarterly dividend of 10 cents per share November 5, 2004.

Consolidated Financial Highlights

	Fourth Quarter			Full Year		
	2004	2003	% Change	2004	2003	% Change
System Restaurants	31,263	30,837	+1	31,263	30,837	+1
Worldwide System Same-Store-Sales Growth	+2%	+2%	NM	+3%	Even	NM
Revenues (million)	$2,785	$2,653	+5	$9,011	$8,380	+8
EPS Prior to Special Items	$0.73	$0.65	+13	$2.36	$2.06	+15
Special Items EPS	$0.04	$0.05	NM	$0.06	$(0.04)	NM
Reported EPS	$0.77	$0.70	+10	$2.42	$2.02	+20

David C. Novak, Chairman and CEO, said: "I am pleased to report 2004 was another year in which we showed the underlying power of our global portfolio of leading restaurant brands. Fueled by continued profitable international expansion including dynamic growth in China, combined with another strong performance from Taco Bell in the United States, we achieved 15% EPS growth prior to special items. Additionally, executing our financial strategies and increasing our cash flow contributed to our strong performance -- our third consecutive year

of solid double-digit growth in EPS.
"Highlights include a number of firsts: record cash generated from operating activities of over $1.1 billion and a record $1.0 billion in franchise fees. We also reached our goal to achieve an investment grade rating from each major rating agency after paying off nearly $3 billion in debt the past seven years. Armed with increasing cash flow and a strong balance sheet, we also increased our payout to shareholders by initiating the first quarterly dividend in our history and completing the buyback of a record 14 million shares, spending approximately $569 million.
"Most importantly, we remain confident that going forward we can continue to build our track record of growing EPS at least 10% each year. As we have said, the key drivers are opening at least 1,000 new restaurants outside the U.S.A., and growing U.S. same-store sales by +1% to +2%. As we move into the new year, given the strength of our fourth-quarter performance, we have raised our full-year 2005 EPS estimate one cent to at least $2.60 or at least 10% growth prior to special items.
"Shareholders should expect us to continue to build value by executing the unique growth opportunities that differentiate us from the competition and make us anything but an ordinary restaurant company: building dominant restaurant brands in China, driving profitable international expansion, improving restaurant operations, and multibranding category-leading brands."

INTERNATIONAL BUSINESS

(million, except unit counts and percentages)	Fourth Quarter 2004	Fourth Quarter 2003	% Change Reported	% Change Excl F/x	Full Year 2004	Full Year 2003	% Change Reported	% Change Excl F/x
Financial Measures								
Revenues	$1,037	$915	+13	+10	$3,248	$2,725	+19	+15
Operating Profit	$160	$144	+13	+8	$542	$441	+23	+17
Operating Metrics								
Est. System-Sales Growth			+13	+8			+15	+9
System Restaurants	12,792	12,171	+5	NA	12,792	12,171	+5	NA

NOTE: 2004 International Business results include the China Division (the People's Republic of China, Thailand and KFC Taiwan). Starting with the first quarter of 2005, the International Division and China Division results will be reported separately.

In the fourth quarter and for the full year, continued profitable expansion of KFC and Pizza Hut drove international revenue, system-sales and operating-profit growth.
Fourth-quarter international system sales grew by 8% prior to foreign currency conversion, exceeding the company's ongoing target for growth with same-store-sales growth slightly above target. As has been the case for the past four years, the most significant contributor to this strong performance was growth in overall international system restaurants. Our two most profitable markets, China and the U.K., increased system sales in local currency terms by 19% and 8% respectively. The company's international franchise-only businesses, a high-return growth segment representing 35% of international system restaurants, had 9% growth in system sales prior to currency conversion and 5% growth of system restaurants.
For the fourth quarter, revenue increased 10% prior to foreign currency conversion. As previously communicated, the Puerto Rico market was refranchised subsequent to the third quarter, which ended September 4, 2004. Excluding the impact of refranchising the Puerto Rico market, reported revenue growth for the fourth quarter would have been 13% prior to foreign currency conversion. With the refranchising of the Puerto Rico market, revenue from these restaurants changes from company sales to franchise fees.
Restaurant margin as a percentage of sales declined 0.3 percentage points for the fourth quarter. This was primarily driven by unfavorable impact from higher labor costs in certain markets and the impact of operating a portion of the Canada market, previously an unconsolidated affiliate. For the full year, restaurant margin increased 0.3 percentage points. This increase was primarily a result of positive leverage from same-store-sales growth in company markets. For 2005, we expect international restaurant margin to increase slightly.
Overall, foreign currency conversion added $6 million to international operating profit for the fourth quarter and $26 million for the year.

UNITED STATES BUSINESS

(million, except unit counts and percentages)	Fourth Quarter 2004	Fourth Quarter 2003	Fourth Quarter % Change	Full Year 2004	Full Year 2003	Full Year % Change
Financial Measures						
Revenues	$1,748	$1,738	Even	$5,763	$5,655	+2
Operating Profit	$210	$241	(13)	$777	$812	(4)
Operating Metrics						
Est. System-Sales Growth	+3%	+1%	NM	+3%	Even	NM

System Restaurants 18,471 18,666 (1) 18,471 18,666 (1)

In the fourth quarter and for the full year, the primary drivers of U.S. revenue growth were continued development of new, higher-volume

restaurants, which, on average, more than offset reduced revenues associated with the closure of lower-volume restaurants and systemwide same-store-sales growth.
These higher volume new restaurants contributed one percentage point of revenue growth in the fourth quarter and full year. U.S. system restaurants in operation declined by 1% due primarily to closures of certain Pizza Hut dine-in restaurants and lower-volume A&W single-brand mall-location restaurants. The U.S. restaurant portfolio continues to be upgraded with new restaurants, which on average, are higher volume.
For the fourth quarter and the full year, U.S. restaurant margin declined by 2.1 and 0.8 percentage points respectively, mainly as a result of significantly higher commodity costs (primarily meats and cheese) partially offset by same-store-sales growth. This was a key factor in the operating profit decline for the fourth quarter and full year, equating to approximately 1.7 percentage points and 1.6 percentage points of adverse impact on restaurant margin respectively.
The cumulative accounting adjustments recorded in the fourth quarter related to a recent change in interpretation related to accounting for leases and leasehold improvements negatively impacted restaurant margin by 0.8 and 0.2 percentage points for the fourth quarter and full year 2004 respectively.
The company expects continued above-average inflation rates for key commodities in the U.S. for the first quarter of 2005. This is reflected in the company's outlook.

WORLDWIDE NEW-RESTAURANT DEVELOPMENT

System New-Restaurant Openings	Fourth Quarter	Year to Date
Worldwide	621	1,450
Key Markets		
International Franchise-Only Businesses	182	409
United States	125	373
China	152	334
U.K.	50	91
Japan	18	51
Australia/New Zealand	14	49
Pizza Hut South Korea	30	48
Mexico	13	29

Worldwide system new-restaurant openings for the fourth quarter and full year were primarily driven by growth in new international KFC and Pizza Hut restaurants. Franchise and joint-venture partners opened 71% of systemwide new international restaurants for the full year. For international franchise-only businesses, year-over-year restaurant growth was 5%. Specifically, Asia increased 7%; southern Africa, 7%; the Middle East, 6%; Caribbean/Latin America, 5%; and Europe 1%.

In the U.S. market, the majority of new-restaurant openings were the KFC and Pizza Hut brands. For the full year, over 60% of new-restaurant openings were franchised.
This discussion and the preceding table exclude changes in license-unit locations, which had no material impact on the company's overall profit performance in 2004. License locations are typically nontraditional sites, such as airports, that normally have substantially lower average unit volumes than traditional restaurant locations.

MULTIBRAND EXPANSION

Multibrand Restaurants in Operation	Fourth Quarter		
	2004	2003	Incr/(Decr)
U.S. Systemwide	2,641	2,148	+23%
% U.S. System Restaurants	14%	12%	+2 ppts.

In the fourth quarter, 164 multibrand restaurants were added in the U.S., bringing the full-year total of U.S. multibrand additions to 547. Multibrand focus has been on expanded company testing of Pizza Hut/WingStreet multibrand combinations and expansion of the Long John Silver's brand in combination with A&W, Taco Bell or KFC. This results in operating two brands in one restaurant location. Excluding the company-only expanded testing of Pizza Hut and WingStreet multibrand combinations, franchisees opened over 55% of multibrand additions in 2004. WingStreet is a brand recently created by Yum! Brands.

FRANCHISE GROWTH AND FEES

	Fourth Quarter	Full Year
Total Franchise Fees (million)	$321	$1,019
Growth Vs. 2003	+8%	+8%
Franchise Net New-Restaurant Growth	+1%	+1%

For the fourth quarter, favorable foreign currency conversion added 2 percentage points of franchise-fee growth. Excluding this factor, franchise fees increased 6% driven by new-unit development, same-store-sales growth and the effect of refranchising. Fourth-quarter and full-year growth was primarily driven by international franchise new-restaurant development and worldwide franchise same-store-sales growth.

LEASE ACCOUNTING CHANGES

A number of companies within our industry have recently announced adjustments to their accounting for leases and the depreciation of leasehold improvements. These adjustments were the result of a recent change in interpretation of longstanding, generally accepted accounting principles in this area. We first reviewed this issue during the fourth quarter of 2003 to ensure that our accounting complied with the then-existing interpretation of GAAP. In recent consultation with our external auditors, we have recorded minor adjustments during the fourth quarter to conform our accounting in all instances to this evolving interpretation. Accordingly, the depreciable lives of our leasehold improvements now conform to the term of the lease, including options in some instances, over which we are recording rent expense, including escalations, on a straight-line basis.

The cumulative adjustment necessary to conform our accounting to this new interpretation, primarily through increased U.S. depreciation expense, totaled $11.5 million ($7 million after tax). The portions of this adjustment that related to 2004 full year and 2004 fourth quarter were approximately $3 million ($2 million after tax) and $1 million respectively. As the adjustment was not material to any of our prior financial statements, the full adjustment was recorded in the current financial statements and no adjustment will be made to prior financial statements. We anticipate that the impact of this change will result in additional expense of $3 million in 2005.

TAX RATE

The company's fourth-quarter tax rate of 24.1% prior to special items was 4.4 percentage points below the rate for the 2003 fourth quarter. This boosted fourth-quarter EPS by one cent beyond what was indicated in the company's prior guidance on December 2, 2004, which called for a 3 percentage point decline. The year-over-year decline in the tax rate was primarily due to the execution of international tax-planning strategies and settlements in connection with the closure of regular audit cycles.

CASH FLOW

For the full year, the company generated $1,131 million in net cash provided by operating activities. Capital spending, including the acquisition of franchise restaurants, was $683 million. Additionally, a substantial amount of cash, $392 million, was generated from employee stock-option proceeds, refranchising restaurants, and proceeds from sales of surplus property, plant and equipment. In 2004, the company purchased a record $569 million of its own shares and initiated its first quarterly dividend. Additionally, the company completed an early redemption of its May 2005 bonds reducing debt over $300 million by year end. The majority of the company's remaining bond debt is due in 2011 and 2012.

SPECIAL ITEMS

As described in the second-quarter 2003 earnings release dated July 15, 2003, the company previously incurred a charge of $30 million related to a legal judgment at Taco Bell in connection with Wrench et al. v. Taco Bell. Subsequently, the company accrued prejudgment and post-judgment interest charges of $12 million with respect to this judgment. We have settled this matter with the Wrench plaintiffs and certain of our insurance carriers resulting in a reduction of our previous accrual by $14 million. We intend to continue to seek additional recoveries from our other insurance carriers during the periods in question and from our former advertising agency. To the extent we are successful, these recoveries will be treated as additional special-item gains in the quarter(s) recognized. Special items also include $2 million in AmeriServe recoveries during the quarter.

FIRST-QUARTER 2005 OUTLOOK

The company currently expects that it will achieve EPS of $0.51 prior to special items in the first quarter of 2005. Including all factors, U.S. restaurant margin is expected to decrease slightly versus last year's first quarter. Inflation in U.S. commodity costs (meats and cheese) is expected to be the key factor. The effect of higher commodity costs is expected to moderate after the first quarter of 2005. This outlook assumes a first-quarter 2005 tax rate equal to the expected effective rate for the full year 2005. Additionally, some favorable foreign exchange benefit is expected.

FULL-YEAR 2005 OUTLOOK

The company expects earnings per share to grow at least 10% each year with the continued execution of its four key strategies: (1) building dominant restaurant brands in China, (2) driving profitable international expansion, (3) improving restaurant operations, and (4) multibranding category-leading brands.

Based on the most current information, the company expects growth of at least 10% prior to special items in EPS for 2005 to occur in this manner by quarter and assumes the same tax rate for each quarter equal to the expected effective rate for the full year 2005:

	Q1	Q2	Q3	Q4
EPS Prior to Special Items	$0.51	$0.56	$0.73	$0.80
% Growth	+9	+2	+20	+10

Second-quarter 2005 growth is adversely impacted by higher facility actions expense, an expected higher tax rate versus 2004, and costs associated with the company's biennial international franchise convention.

Projected factors contributing to the company's original annual 2005 EPS guidance were published in the company's release dated December 2, 2004, which can be accessed at
http://investors.yum.com/ireye/ir_site.zhtml?ticker=YUM&script= 400&item_id='1'. (Due to its length, this URL may need to be copied/pasted into your Internet browser's address field. Remove the extra space if one exists.) Based on current information, the company believes that those

factors remain reasonable.
For 2005, the company currently expects reported EPS of at least $2.60 prior to special items.

	Annual Outlook		
	Forecast 2005	Actual 2004	Incr/(Decr)
EPS Prior to Special Items	$2.60	$2.36	+10%
Special Items EPS	$0.00	$0.06	NM
Reported EPS	$2.60	$2.42	+7%

PERIOD 1 SALES

Period 1 estimated International Division system sales increased 8% prior to foreign currency conversion or 13% after conversion to U.S. dollars. This excludes results of the China Division, which reports on a calendar basis rather than 13 periods. The China Division's first-month results will be reported separately beginning with Period 2, 2005. Estimated U.S. blended same-store sales at company restaurants increased 3% versus last year for the comparable four-week period ended January 22, 2005.

International Division System-Sales Growth (Estimated)

	Reported (U.S.$)	Local Currency Basis	Prior-Year Local Currency Basis
Period 1	+13%	+8%	+4%

NOTE: The sales results of the China Division (the People's Republic of China, Thailand and KFC Taiwan) will be reported starting with the company's Period 2, 2005, sales release.

U.S. Company Same-Store-Sales Growth (Estimated)

	Period 1 2005	Period 1 2004
U.S. BLENDED	+3%	+2%
Taco Bell	+3%	+3%
Pizza Hut	+6%	+2%
KFC	+1%	(1)%

INTERNATIONAL AND CHINA DIVISION HISTORICAL DATA

Historical data related to our new International Division and China Division operating results and unit activity is available online. To access it, please visit the following URL: http://www.yum.com/investors/sss.htm.

CONFERENCE CALL

Yum! Brands Inc. will host a conference call to review the company's strategies and financial performance at 9:15 a.m. EST Wednesday, February 2, 2005.
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 EST Wednesday, February 2, through 11:59 p.m. EST Friday, February 18. To access the playback, dial 800/642-1687 in the U.S.A. and 706/645-9291 internationally. The playback pass code is 3292385.
The call and the playback can be accessed via the Internet by visiting Yum! Brands' Web site: www.yum.com and selecting "4th Quarter Earnings Webcast."

NOTES & DEFINITIONS FOR TERMS USED THROUGHOUT THIS DOCUMENT

Notes:

Sales results for Period 2 (the four-week period ending February 19, 2005) are scheduled to be released February 24, 2005, before market hours.
Sales and profit information included in the release is rounded to the nearest million; however, percentage-point change calculations are based on numbers that are not rounded.

Definitions:

Excl F/x represents the percentage change excluding the impact of foreign currency translation. These amounts are calculated by translating current-year results at prior-year average exchange rates. We believe elimination of the foreign currency translation impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.

Franchise Fees include fees from unconsolidated affiliates (joint ventures) and franchise and license restaurants. Fees include ongoing royalty and license fees, initial fees for new restaurants and contract-renewal fees.

Franchise Restaurants include unconsolidated affiliates (joint ventures) and franchise restaurants and exclude license restaurants.

Franchise Net New-Restaurant Growth is the year-over-year total of franchise restaurant openings less franchise restaurant closings divided by the prior year's franchise restaurant total.

New-Restaurant Openings include unconsolidated affiliates (joint ventures), company-owned and franchise restaurants and exclude license restaurants.

Special Items include AmeriServe and other charges (credits), Wrench litigation and cumulative effect of accounting change, net of tax. See attachments to this press release for reconciliations of non-GAAP measurements to GAAP results.

System Restaurants include unconsolidated affiliates (joint ventures), company-owned and franchise restaurants but exclude license restaurants.

System-Sales Growth includes the results of all restaurants regardless of ownership including unconsolidated affiliates, company-owned, franchise and license restaurants. Sales of unconsolidated affiliates (joint ventures), franchise and license restaurants generate franchise and license fees for the company (typically at a rate of 4% to 6% of sales). Unconsolidated affiliates (joint ventures), franchise and license restaurant sales are not included in company sales we present on the Condensed Consolidated Statements of Income; however, the franchise fees previously defined are included in the company's revenues.

System Same-Store-Sales Growth is the estimated growth in sales of all restaurants that have been open one year or more regardless of ownership including unconsolidated affiliates (joint ventures), company-owned, franchise and license restaurants.

Systemwide U.S. Blended Same-Store Sales include company, franchise and license restaurants that have been open one year or more. U.S. blended same-store sales include KFC, Pizza Hut, and Taco Bell restaurants only. U.S. same-store sales for Long John Silver's and A&W Restaurants are not included.

U.S. Same-Store Sales include only company restaurants that have been open one year or more. U.S. blended same-store sales include KFC, Pizza Hut, and Taco Bell company-owned restaurants only. U.S. same-store sales for Long John Silver's and A&W Restaurants are not included.

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. 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 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, 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 advertising and promotional efforts; new-product and concept development by Yum! Brands 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; publicity that may impact our business and/or industry; severe weather conditions; effects and outcomes of legal claims involving the company; changes in effective tax rates; our actuarially determined casualty loss estimates; changes in legislation and governmental regulations; 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 more than 33,000 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 2,800 multibrand restaurants. Outside the United States in 2004, 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 two years, the company has been recognized in Fortune Magazine's top 50 "Best Companies for Minorities," claiming the number-one spot for "managerial diversity."

Yum! Brands, Inc. Consolidated Summary of Results

(amounts in millions, except per share amounts)

Quarter Year to date

----------------- % Change ----------------- % Change

	12/25/04	12/27/03	B/(W)	12/25/04	12/27/03	B/(W)
Total Revenues	$2,785	$2,653	5	$9,011	$8,380	8
Costs and expenses						
Company restaurant expenses	2,126	2,000	(6)	6,833	6,337	(8)
General and administrative expenses	335	322	(4)	1,056	945	(12)
Franchise and license expenses	10	8	(16)	26	28	8
Facility actions	4	12	NM	26	36	NM
Other (income) expense	(20)	(17)	16	(55)	(41)	34
Wrench litigation (income) expense	(14)	-	NM	(14)	42	NM
AmeriServe and other charges (credits)	(2)	(25)	NM	(16)	(26)	NM
Total costs and expenses, net	2,439	2,300	(6)	7,856	7,321	(7)
Operating profit	346	353	(2)	1,155	1,059	9
Interest expense, net	33	50	32	129	173	25
Income before income taxes and cumulative effect of accounting change	313	303	3	1,026	886	16
Income tax provision	78	89	12	286	268	(7)
Income before cumulative effect of accounting change	235	214	10	740	618	20
Cumulative effect of accounting change, net of tax	-	-	-	-	(1)	NM
Net income	$235	$214	10	$740	$617	20
Basic EPS Data						
EPS	$0.80	$0.73	10	$2.54	$2.10	21
Average shares outstanding	293	294	-	291	293	1
Diluted EPS Data						
EPS	$0.77	$0.70	10	$2.42	$2.02	20
Average shares outstanding	307	308	-	305	306	-
Dividends declared per common share	$0.20	$-	NM	$0.30	$-	NM

See accompanying notes.

Wrench litigation (income) expense, AmeriServe and other charges (credits) and Cumulative effect of accounting change, net of tax have been summed and referred to as "Special Items" throughout this press release. See accompanying reconciliation of non-GAAP measurements to GAAP results.

Yum! Brands, Inc. WORLDWIDE Operating Results

(amounts in millions)

	Quarter		% Change	Year to date		% Change
	12/25/04	12/27/03	B/(W)	12/25/04	12/27/03	B/(W)
Company sales	$2,464	$2,356	5	$7,992	$7,441	7
Franchise and license fees	321	297	8	1,019	939	8
Revenues	2,785	2,653	5	9,011	8,380	8
Company restaurants						
Food and paper	792	732	(8)	2,538	2,300	(10)
Payroll and employee benefits	642	628	(2)	2,112	2,024	(4)
Occupancy and other operating expenses	692	640	(8)	2,183	2,013	(8)
	2,126	2,000	(6)	6,833	6,337	(8)
General and administrative expenses	335	322	(4)	1,056	945	(12)
Franchise and license expenses	10	8	(16)	26	28	8
Facility actions	4	12	NM	26	36	NM
Other (income) expense	(20)	(17)	16	(55)	(41)	34
	2,455	2,325	(6)	7,886	7,305	(8)
Operating profit before special items	330	328	-	1,125	1,075	5
Interest expense, net	33	50	32	129	173	25
Income tax provision	72	80	10	275	274	-
Earnings before special items	$225	$198	13	$721	$628	15
Tax rate before special items	24.1%	28.5%	4.4 ppts.	27.6%	30.3%	2.7 ppts.
Diluted EPS before special items	$0.73	$0.65	13	$2.36	$2.06	15
Company sales	100.0%	100.0%		100.0%	100.0%	
Food and paper	32.1	31.1	(1.0) ppts.	31.8	30.9	(0.9) ppts.
Payroll and						

employee benefits	26.1	26.6	0.5 ppts.	26.4	27.2	0.8 ppts.
Occupancy and other operating expenses	28.1	27.1	(1.0) ppts.	27.3	27.1	(0.2) ppts.
Restaurant margin	13.7%	15.2%	(1.5) ppts.	14.5%	14.8%	(0.3) ppts.

Reconciliation of Segment Operating Profit to Reported Operating Profit

U.S.

operating profit	$210	$241	(13)	$777	$812	(4)
International operating profit	160	144	13	542	441	23
Unallocated and corporate expense	(64)	(72)	12	(204)	(179)	(14)
Unallocated other income (expense)	2	(2)	NM	(2)	(3)	NM
Unallocated facility actions	22	17	NM	12	4	NM
Operating profit before special items	330	328	-	1,125	1,075	5
Wrench litigation income (expense)	14	-	NM	14	(42)	NM
AmeriServe and other (charges) credits	2	25	NM	16	26	NM
Reported operating profit	$346	$353	(2)	$1,155	$1,059	9

See accompanying notes and reconciliations of non-GAAP measurements to GAAP results.

Yum! Brands, Inc. UNITED STATES Operating Results

(amounts in millions)

Quarter Year to date ------------------ % Change ----------------- % Change

	12/25/04	12/27/03	B/(W)	12/25/04	12/27/03	B/(W)
Company sales	$1,564	$1,563	-	$5,163	$5,081	2
Franchise and license fees	184	175	4	600	574	4
Revenues	1,748	1,738	-	5,763	5,655	2
Company restaurants						
Food and paper	477	453	(5)	1,546	1,463	(6)
Payroll and employee						

benefits	474	483	2	1,573	1,576	-
Occupancy and other operating expenses	416	398	(4)	1,333	1,303	(2)
	1,367	1,334	(2)	4,452	4,342	(3)
General and administrative expenses	154	144	(7)	501	469	(7)
Franchise and license expenses	8	6	(24)	19	16	(18)
Facility actions	9	13	NM	14	16	NM
	1,538	1,497	(3)	4,986	4,843	(3)
Operating profit	$210	$241	(13)	$777	$812	(4)
Company sales	100.0%	100.0%		100.0%	100.0%	
Food and paper	30.5	28.9	(1.6) ppts.	29.9	28.8	(1.1) ppts.
Payroll and employee benefits	30.3	30.8	0.5 ppts.	30.5	31.0	0.5 ppts.
Occupancy and other operating expenses	26.5	25.5	(1.0) ppts.	25.8	25.6	(0.2) ppts.
Restaurant margin	12.7%	14.8%	(2.1) ppts.	13.8%	14.6%	(0.8) ppts.

See accompanying notes.

Yum! Brands, Inc. INTERNATIONAL Operating Results

(amounts in millions)

	Quarter		% Change	Year to date		% Change
	12/25/04	12/27/03	B/(W)	12/25/04	12/27/03	B/(W)
Company sales	$900	$793	13	$2,829	$2,360	20
Franchise and license fees	137	122	13	419	365	15
Revenues	1,037	915	13	3,248	2,725	19
Company restaurants						
Food and paper	315	279	(13)	992	837	(18)
Payroll and employee benefits	168	145	(16)	539	448	(20)
Occupancy and other operating expenses	276	242	(14)	850	710	(20)
	759	666	(14)	2,381	1,995	(19)
General and						

administrative expenses	117	105	(12)	351	297	(18)
Franchise and license expenses	2	3	29	7	12	41
Facility actions	17	16	NM	24	24	NM
Other (income) expense	(18)	(19)	4	(57)	(44)	32
	877	771	(14)	2,706	2,284	(18)
Operating profit	$160	$144	13	$542	$441	23
Company sales	100.0%	100.0%		100.0%	100.0%	
Food and paper	35.0	35.3	0.3 ppts.	35.1	35.5	0.4 ppts.
Payroll and employee benefits	18.7	18.3	(0.4) ppts.	19.1	19.0	(0.1) ppts.
Occupancy and other operating expenses	30.7	30.5	(0.2) ppts.	30.0	30.0	-
Restaurant margin	15.6%	15.9%	(0.3) ppts.	15.8%	15.5%	0.3 ppts.

See accompanying notes.

Yum! Brands, Inc.
Consolidated Balance Sheets
(amounts in millions)

	12/25/04	12/27/03
ASSETS		
Current Assets		
Cash and cash equivalents	$ 62	$192
Short-term investments, at cost	54	15
Accounts and notes receivable, less allowance: $22 in 2004 and $25 in 2003	192	150
Inventories	76	67
Assets classified as held for sale	7	96
Prepaid expenses and other current assets	135	65
Deferred income taxes	156	165
Advertising cooperative assets, restricted	65	56
Total Current Assets	747	806
Property, plant and equipment, net	3,439	3,280
Goodwill	553	521
Intangible assets, net	347	357
Investments in unconsolidated affiliates	194	184
Other assets	416	472
Total Assets	$5,696	$5,620
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	$1,160	$1,157
Dividends payable	29	-
Income taxes payable	111	238
Short-term borrowings	11	10
Advertising cooperative liabilities	65	56
Total Current Liabilities	1,376	1,461
Long-term debt	1,731	2,056
Other liabilities and deferred credits	994	983
Total Liabilities	4,101	4,500

Shareholders' Equity		
Preferred stock, no par value, 250 shares authorized; no shares issued	-	-
Common stock, no par value, 750 shares authorized; 290 shares and 292 shares issued in 2004 and 2003, respectively	659	916
Retained earnings	1,067	414
Accumulated other comprehensive income (loss)	(131)	(210)
Total Shareholders' Equity	1,595	1,120
Total Liabilities and Shareholders' Equity	$5,696	$5,620

See accompanying notes.

Yum! Brands, Inc. Consolidated Statements of Cash Flows

(amounts in millions)

	Year to date	
	12/25/04	12/27/03
Cash Flows - Operating Activities		
Net income	$740	$617
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of accounting change, net of tax	-	1
Depreciation and amortization	448	401
Facility actions	26	36
Wrench litigation (income) expense	(14)	42
AmeriServe and other charges (credits)	-	(3)
Contributions to defined benefit pension plans	(55)	(132)
Other liabilities and deferred credits	21	17
Deferred income taxes	142	(23)
Other non-cash charges and credits, net	25	32
Changes in operating working capital, excluding effects of acquisitions and dispositions:		
Accounts and notes receivable	(39)	2
Inventories	(7)	(1)
Prepaid expenses and other current assets	(5)	-
Accounts payable and other current liabilities	(20)	(32)
Income taxes payable	(131)	96
Net change in operating working capital	(202)	65
Net Cash Provided by Operating Activities	1,131	1,053
Cash Flows - Investing Activities		
Capital spending	(645)	(663)
Proceeds from refranchising of restaurants	140	92
Acquisition of restaurants from franchisees	(38)	(41)
Short-term investments	(36)	13
Sales of property, plant and equipment	52	46
Other, net	41	34
Net Cash Used in Investing Activities	(486)	(519)
Cash Flows - Financing Activities		
Revolving Credit Facility activity		
Three months or less, net	19	(153)
Repayments of long-term debt	(371)	(17)
Short-term borrowing-three months or less, net	-	(137)
Repurchase shares of common stock	(569)	(278)
Employee stock option proceeds	200	110
Dividends paid on common shares	(58)	-
Net Cash Used in Financing Activities	(779)	(475)
Effect of Exchange Rate on Cash and Cash Equivalents	4	3
Net (Decrease) Increase in Cash and Cash Equivalents	(130)	62
Cash and Cash Equivalents - Beginning of Year	192	130

Cash and Cash Equivalents - End of Year	$62	$192

See accompanying notes.

Reconciliation of Non-GAAP Measurements to GAAP Results
(amounts in millions, except per share amounts)

In addition to the results provided in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") throughout this document, the Company has provided non-GAAP measurements which present operating results on a basis before special items. Special items include the GAAP income statement captions of Wrench litigation (income) expense, AmeriServe and other charges (credits) and the Cumulative effect of accounting change, net of tax. These amounts are described in (e), (f) and (g) in the accompanying notes.

The Company uses earnings before special items as a key performance measure of results of operations for purposes of evaluating performance internally. This non-GAAP measurement is not intended to replace the presentation of our financial results in accordance with GAAP. Rather, the Company believes that the presentation of earnings before special items provides additional information to investors to facilitate the comparison of past and present operations, excluding items that the Company does not believe are indicative of our ongoing operations.

	Quarter		Year to date	
	12/25/04	12/27/03	12/25/04	12/27/03
Detail of Special Items				
Wrench litigation income (expense)	$14	$-	$14	$(42)
AmeriServe and other (charges) credits	2	25	16	26
Cumulative effect of accounting change	-	-	-	(2)
Total special items	16	25	30	(18)
Tax on special items	(6)	(9)	(11)	7
Special items, net of tax	$10	$16	$19	$(11)
Average shares outstanding	307	308	305	306
Special items diluted EPS	$0.04	$0.05	$0.06	$(0.04)
Reconciliation of Earnings Before Special Items to Net Income				
Earnings before special items	$225	$198	$721	$628
Special items, net of tax	10	16	19	(11)
Net income	$235	$214	$740	$617
Reconciliation of EPS Before Special Items to Reported EPS				
Diluted EPS before special items	$0.73	$0.65	$2.36	$2.06
Special items EPS	0.04	0.05	0.06	(0.04)
Reported EPS	$0.77	$0.70	$2.42	$2.02

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

(amounts in millions, except per share amounts)

(a) Percentages may not recompute due to rounding.

(b) Franchisee sales represents the combined estimated sales of unconsolidated affiliate, franchise and license restaurants. Franchisee sales, which are not included in the Company sales we present on the Consolidated Statements of Income, generate franchise and license fees (typically at a rate of 4% to 6% of sales) that are included in the Company's revenues.

Quarter % Year to date % ------------------ Change ------------------ Change

	12/25/04	12/27/03	B/(W)	12/25/04	12/27/03	B/(W)
United States						
Company sales	$1,564	$1,563	-	$5,163	$5,081	2
Franchisee sales	3,579	3,453	4	11,724	11,257	4
International						
Company sales	$900	$793	13	$2,829	$2,360	20
Franchisee sales	2,630	2,335	13	8,189	7,213	14
Worldwide						
Company sales	$2,464	$2,356	5	$7,992	$7,441	7
Franchisee sales	6,209	5,788	7	19,913	18,470	8

(c) Facility actions included the following:

	Quarter		Year to date	
	12/25/04	12/27/03	12/25/04	12/27/03
Store closure costs	$-	$8	$(3)	$6
Asset impairment charges	26	21	41	34
Refranchising net losses (gains)	(22)	(17)	(12)	(4)
Facility actions	$4	$12	$26	$36

(d) Other (income) expense primarily includes equity income from investments in unconsolidated affiliates.

(e) Income of $14 million was recorded as Wrench litigation (income) expense for both the quarter and year to date ended December 25, 2004. The amount resulted from settlements with the plaintiffs in the Wrench litigation and certain of our insurance carriers which allowed us to reduce amounts previously accrued.

(f) Income of $2 million and $16 million was recorded as AmeriServe and other charges (credits) for the quarter and year to date ended December 25, 2004. The amount primarily resulted from cash recoveries related to the AmeriServe bankruptcy reorganization process.

(g) Effective December 29, 2002, the Company adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"). SFAS 143 addresses the financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. As a result of obligations under certain leases that are within the scope of SFAS 143, the Company recorded a cumulative effect adjustment of $2 million ($1 million after tax) during 2003.

(h) We participate in various advertising cooperatives with our franchisees and licensees. In certain of these cooperatives we possess majority voting rights, and thus control the cooperatives. We have previously reported the related assets and liabilities of those advertising cooperatives we control in accounts and notes receivable, prepaid expenses and other current assets and accounts payable and other current liabilities, as appropriate. We have now summed all assets and liabilities of these advertising cooperatives and reported the amounts as advertising cooperative assets, restricted and advertising cooperative liabilities in the Consolidated Balance Sheet as of December 25, 2004. We have reclassified those amounts in the Consolidated Balance Sheet as of December 27, 2003 for comparative purposes.

(i) For the quarter and year to date ended December 25, 2004, we repurchased approximately 5.9 million shares and 14.0 million shares of our Common Stock at an average price of $46 per share and $41 per share, respectively.

Yum! Brands, Inc. Restaurant Units Activity Summary For the Year Ended December 25, 2004

	Company	Unconsolidated Affiliates	Franchisees	Total Excluding Licensees(a)
Total U.S.				
Beginning of Year	5,094	6	13,566	18,666
New Builds	146	-	227	373

Acquisitions	61	-	(61)	-
Refranchising & Licensing	(113)	-	112	(1)
Closures & Divestitures	(199)	(6)	(365)	(570)
Other	-	-	3	3
End of Year	4,989	-	13,482	18,471
% of Total	27%	-	73%	100%
Total International				
Beginning of Year	2,760	1,506	7,905	12,171
New Builds(b)	311	178	588	1,077
Acquisitions	11	11	(22)	-
Refranchising & Licensing	(204)	-	204	-
Closures & Divestitures	(120)	(25)	(286)	(431)
Other	(4)	(8)	(13)	(25)
End of Year	2,754	1,662	8,376	12,792
% of Total	22%	13%	65%	100%
Total System				
Beginning of Year	7,854	1,512	21,471	30,837
New Builds(b)	457	178	815	1,450
Acquisitions	72	11	(83)	-
Refranchising & Licensing	(317)	-	316	(1)
Closures & Divestitures	(319)	(31)	(651)	(1,001)
Other	(4)	(8)	(10)	(22)
End of Year	7,743	1,662	21,858	31,263
% of Total	25%	5%	70%	100%

(a) The total excludes 2,139 U.S. and 206 International licensee units. The U.S. licensee unit count includes 1,194 Pizza Huts, 870 Taco Bells and 75 KFCs. The International licensee unit count includes 94 Pizza Huts, 65 KFCs, 45 Taco Bells, 1 Long John Silver's and 1 A&W.

(b) The total includes 1 Company new build for an Asian food concept in China.

Yum! Brands, Inc. Restaurant Units Activity Summary For the Year Ended December 25, 2004

United States	Company	Franchisees	Total Excluding Licensees
Pizza Hut U.S.			
Beginning of Year	1,776	4,624	6,400
New Builds	49	68	117
Acquisitions	56	(56)	-
Refranchising & Licensing	(74)	74	-
Closures & Divestitures	(66)	(145)	(211)
Other	-	-	-
End of Year	1,741	4,565	6,306
% of Total	28%	72%	100%
KFC U.S.			
Beginning of Year	1,252	4,204	5,456
New Builds	36	90	126
Acquisitions	-	-	-
Refranchising & Licensing	(7)	6	(1)
Closures & Divestitures	(33)	(98)	(131)
Other	-	-	-
End of Year	1,248	4,202	5,450
% of Total	23%	77%	100%
Taco Bell U.S.			
Beginning of Year	1,284	3,743	5,027
New Builds	23	47	70
Acquisitions	1	(1)	-
Refranchising & Licensing	(15)	15	-
Closures & Divestitures	(10)	(57)	(67)

Other	-	-	-
End of Year	1,283	3,747	5,030
% of Total	26%	74%	100%
Long John Silver's U.S.			
Beginning of Year	701	502	1,203
New Builds	37	15	52
Acquisitions	4	(4)	-
Refranchising & Licensing	(8)	8	-
Closures & Divestitures	(34)	(22)	(56)
Other	-	1	1
End of Year	700	500	1,200
% of Total	58%	42%	100%
A&W U.S.			
Beginning of Year	81	493	574
New Builds	1	7	8
Acquisitions	-	-	-
Refranchising & Licensing	(9)	9	-
Closures & Divestitures	(56)	(43)	(99)
Other	-	2	2
End of Year	17	468	485
% of Total	4%	96%	100%

Yum! Brands, Inc. Restaurant Units Activity Summary For the Year Ended December 25, 2004

	International			
	Company	Unconsolidated Affiliates	Franchisees	Total Excluding Licensees
KFC International				
Beginning of Year	1,685	773	4,835	7,293
New Builds	216	137	288	641
Acquisitions	11	8	(19)	-
Refranchising & Licensing	(105)	-	105	-
Closures & Divestitures	(56)	(20)	(157)	(233)
Other	-	(1)	(24)	(25)
End of Year	1,751	897	5,028	7,676
% of Total	23%	12%	65%	100%
Pizza Hut International				
Beginning of Year	1,021	733	2,708	4,462
New Builds	94	41	252	387
Acquisitions	-	3	(3)	-
Refranchising & Licensing	(66)	-	66	-
Closures & Divestitures	(61)	(5)	(107)	(173)
Other	1	(7)	10	4
End of Year	989	765	2,926	4,680
% of Total	21%	16%	63%	100%
A&W International				
Beginning of Year	-	-	182	182
New Builds	-	-	39	39
Acquisitions	-	-	-	-
Refranchising & Licensing	-	-	-	-
Closures & Divestitures	-	-	(12)	(12)
Other	-	-	-	-
End of Year	-	-	-	-
% of Total	-	-	209	209
	-	-	100%	100%
Taco Bell International				
Beginning of Year	54	-	150	204
New Builds	-	-	4	4
Acquisitions	-	-	-	-
Refranchising & Licensing	(33)	-	33	-
Closures & Divestitures	(3)	-	(8)	(11)

Other	(5)	-	1	(4)
End of Year	13	-	180	193
% of Total	7%	-	93%	100%
Long John Silver's International				
Beginning of Year	-	-	30	30
New Builds	-	-	5	5
Acquisitions	-	-	-	-
Refranchising & Licensing	-	-	-	-
Closures & Divestitures	-	-	(2)	(2)
Other	-	-	-	-
End of Year	-	-	33	33
% of Total	-	-	100%	100%

Yum! Brands, Inc. United States Multibrand Restaurants For the Year Ended December 25, 2004

	United States(a)			
	Gross Additions Year to Date 12/25/04	Multibrand Restaurants in Operation at 12/25/04 Company	Franchise	Total
KFC				
Taco Bell	22	181	492	673
A&W	57	126	184	310
Pizza Hut	5	99	43	142
Long John Silver's	76	62	70	132
Taco Bell/Pizza Hut 3n1	-	19	24	43
Wing Works	-	26	-	26
	160	513	813	1,326
Taco Bell				
Pizza Hut	7	315	285	600
Long John Silver's	42	66	23	89
Backyard Burgers	2	10	-	10
A&W	-	2	-	2
	51	393	308	701
Pizza Hut				
WingStreet	270	318	9	327
KFC	-	-	4	4
Pasta Bravo	1	2	1	3
Taco Bell	-	-	1	1
Wing Works	-	1	-	1
	271	321	15	336
Long John Silver's				
A&W	65	164	114	278
Total	547	1,391	1,250	2,641

Multibrand conversions increase the sales and points of distribution for the second brand added to a restaurant but do not result in an additional unit count. Similarly, a new multibrand restaurant, while increasing sales and points of distribution for two brands, results in just one additional unit count.

(a) Amounts do not reflect 183 International multibrand units in operation at the end of the period. The International multibrand unit count reflects a decrease of 18 units from the 2003 year end multibrand unit count, related to corrections, primarily in Canada.

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