

YUM BRANDS INC  
Form 10-Q  
October 16, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

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**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** for the quarterly period ended September 8, 2007

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission file number 1-13163**

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**YUM! BRANDS, INC.**

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

13-3951308

(I.R.S. 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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer:  Accelerated filer:  Non-accelerated filer:

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the Registrant's Common Stock as of October 10, 2007 was 508,607,691 shares.

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**YUM! BRANDS, INC.**

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**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements****CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

## YUM! BRANDS, INC. AND SUBSIDIARIES

(in millions, except per share data)

	Quarter		Year to date	
	9/8/07	9/9/06	9/8/07	9/9/06
<b>Revenues</b>				
Company sales	\$2,243	\$1,989	\$6,258	\$5,720
Franchise and license fees	321	289	896	825
Total revenues	2,564	2,278	7,154	6,545
<b>Costs and Expenses, Net</b>				
Company restaurants				
Food and paper	700	606	1,924	1,746
Payroll and employee benefits	544	492	1,585	1,461
Occupancy and other operating expenses	646	570	1,798	1,607
	1,890	1,668	5,307	4,814
General and administrative expenses	281	271	830	789
Franchise and license expenses	12	7	30	24
Closures and impairment (income) expenses	(1 )	1	12	25
Refranchising (gain) loss		4	(5 )	(7 )
Other (income) expense	(19 )	(17 )	(47 )	(33 )
Total costs and expenses, net	2,163	1,934	6,127	5,612
<b>Operating Profit</b>	401	344		