Exhibit 3 Financial Statements for Dr. Pepper Snapple Group (*Continued*)

DR PEPPER SNAPPLE GROUP, INC. SEGMENT RESULTS For the Years Ended December 31, 2010 and 2009	For the Year Ended December 31	
	2010	**2009**
Segment operating profit (SOP)		
Latin America beverages	40	54
Total SOP	1,321	1,310
Unallocated corporate costs	288	265
Other operating expense (income), net	8	(40)
Income (loss) from operations	$1,025	$1,085
Interest expense, net	125	239
Loss on early extinguishment of debt	100	—
Other income, net	(21)	(22)
Income (loss) before provision for income taxes and equity in earnings of unconsolidated subsidiaries	$ 821	$ 868

Source: Dr Pepper Snapple Group, Inc. 2010 Report 10-K

economic stability, seasonality, commodities prices, and consumer tastes and preferences are of great importance to beverage company managers who develop and implement strategies partly for the purpose of successfully dealing with changes in the industry.

Perhaps the most significant factor influencing food and beverage companies is economic stability. Since carbonated soft drinks are a discretionary item, sales are considerably impacted by weakness in the economy. Between 2008 and 2010, the economy was the major problem facing beverage companies like DPS, Coke, and Pepsi. Intensified by the inefficiency and failure of the securities market, the United States found itself in one of the worst recessions in history. As unemployment rates increased and the credit markets froze, consumers significantly reduced spending. Discretionary spending as a percentage of total consumer spending dropped below 16 percent, its lowest level in over 50 years.[36]

As discretionary spending decreased, consumers turned from flavored drinks and colas to less expensive alternatives, including tap water. DPS CEO Larry Young explained the phenomenon, "Even though the majority of Americans are still working, the fear factor that has gripped the nation is having a significant impact on consumer psychology." As a result, Young suggested that shoppers were actively seeking out good deals and making decisions based on "product satisfaction and price."[37]

Along with influencing consumer confidence, the recession significantly increased commodity prices. Specific to the beverage industry, the prices for aluminum, natural gas, resins, corn, pulp, and other commodities all increased. These commodities are used to produce beverages and, exert a considerable amount of pressure on industry margins. For instance, the price of sugar on the US commodity market rose from under 12 cents per pound in 2007 to 37 cents per pound in October 2010.[38]

Several other consumer trends influence the beverage manufacture and bottling industry. Factors such as changes in demographics, health concerns, preferences, changes in lifestyle, and seasonality all influence marketing and distribution methods. An increased concern about health and wellness is one of the most significant trends affecting the beverage industry. As consumers continue to reduce caloric intake and look for products richer in vitamins, the less-healthy sectors of the beverage industry are expected to shrink.[39] As soft drink sales decline, however, demand for healthier alternatives such as low or no calorie soft drinks and noncarbonated drinks such as sports drinks, ready-to-drink teas, and flavored and regular bottled water are projected to grow.[40] Through 2013, sales of bottled water were projected to grow by 9 percent, ready-to-drink teas by 24 percent, and flavored and functional waters by 71 percent.[41]

Additional consumer trends of significance to the industry are seasonality and changing demographics. Relative to seasonality, beverage sales tend to be higher during the summer months and holidays. Sales are slower during the winter months and fluctuate somewhat with the weather. With regard to demographics, the most significant changes in the United States have to do with the prevalence of aging Baby Boomers and growth in the Hispanic population.[42]

Market Channels

Although the final consumer drives demand for the beverage industry, beverage companies' direct customers are bottlers/distributers and retailers. Building strong relationships with these customers is an important part of succeeding in the beverage industry.

Bottling and distribution companies buy beverage concentrates from beverage brand companies, from which they manufacture, bottle, and distribute finished beverages. Additionally, bottlers manufacture and distribute syrups and mixes used in soda fountains for the food-service industry. Major beverage bottling companies include Coca-Cola Enterprises, PepsiAmericas, the Pepsi Bottling Group, and the Dr Pepper Snapple Bottling Group. For DPS, a substantial portion of net sales in beverage concentrates is generated through bottlers not owned by the company. As much as two-thirds of DPS volume in concentrates is sold to third-party bottlers. Some of these are owned by competitors such as PepsiCo and Coke. In 2010, 71 percent of Dr Pepper's sales volume was generated through distribution of its products through Coca-Cola- and PepsiCo-affiliated bottlers.[43] Productive relationships with these bottlers are possible because of the strength and position of the Dr Pepper brand.

Retail companies buy finished beverages from distributers for mass merchandise and sale to the final consumer. Recent trends in the industry have caused many retailers to consolidate, resulting in a smaller number of large, sophisticated retailers with greater buying power. Major retailers tied to the beverage industry include Walmart, Target, Kroger, SuperValu, and Safeway. In addition to these retailers, beverage manufacturers also depend on food-service customers that buy syrups for fountain drinks. Major food-service companies include McDonald's, Burger King, and Yum! Brands, which includes KFC, Pizza Hut, and Taco Bell.[44]

The Competition

The beverage manufacturing and bottling industry is highly competitive and constantly shifting to respond to changes in consumer tastes and preferences. Competitive position is most effectively attained through brand recognition and based on factors such as price, quality, taste, selection, and availability. Major competitors in the manufacturing segment include the Coca-Cola Company (Coke), PepsiCo, Inc. (Pepsi), Nestlé, S.A., and Kraft Foods, Inc. Major competitors in the bottling and distribution segment include Coca-Cola Enterprises, Pepsi Bottling Group, and numerous smaller bottlers and distributors.[45]

Relative to the competition, DPS is the third largest beverage business in North America, behind Coke and Pepsi, which collectively account for 63 percent of the sales in the industry.[46] According to analysts, part of the reason that DPS is so much smaller than its competitors in the United States can be attributed to the spin-off of DPS from Cadbury in 2008. Taking advantage of the company's position post spin-off, Coke and Pepsi had a significant head start on acquiring healthier juices, teas, and enhanced waters. Analysts suggest that DPS had insufficient resources at the time to maintain pace with competing acquisitions.[47]

Aside from its problems gaining overall market share in the United States, DPS has also had difficulty competing internationally. The company generates about 89 percent of its revenues in the US market, 80 percent of which come from carbonated soft drinks. In comparison, Coke collects about 74 percent of its sales outside of North America, and Pepsi generates over 40 percent of its sales internationally. Still, DPS management has expressed an intention to maintain its focus on North America.[48]

In general, while DPS has strong brands and distribution, the company has struggled to compete head-to-head with industry leaders Coke and Pepsi. Based in Atlanta, Georgia, the Coca-Cola Company (Coke) is the largest manufacturer, distributer, and marketer of nonalcoholic beverage concentrates and syrups in the world. Coke markets four of the world's top five carbonated soft drinks—Coca-Cola, named the world's most valuable brand, Diet Coke, Fanta, and Sprite. Coke also owns and licenses nearly 500 other brands including diet and light beverages, enhanced waters, juice drinks, teas, coffees, and sports and energy drinks. Coke is primarily a brand owner and manufacturer, selling its concentrates and syrups to bottling and canning companies, fountain wholesalers and retailers, and distributers.[49]

As outlined on its company website, the three-phase mission of Coke is "to refresh the world, to inspire moments of optimism and happiness, and to create value and make a difference."[50] Consistent with its mission statement, Coke maintains an international focus, marketing and distributing its products in over 200 countries.[51] To facilitate its international focus, Coke spends a significant amount of capital on technological development and marketing. For example, Coke introduced a new fountain beverage machine that used "micro-dosing" technology to dispense over 120 beverages from one machine. The machine takes up the same space as the eight-valve machine currently being used by food-service businesses.[52] International sales, technology development, and marketing have made Coke one of the most widely recognized and profitable companies in the world (for selected financial data on the Coca-Cola Company, see Exhibit 4).

PepsiCo, Inc., another major DPS competitor, is based in North Carolina and is a global leader in beverage, snack, and food manufacture and distribution. Pepsi is divided into three major business units—PepsiCo Americas Foods, PepsiCo Americas Beverages, and PepsiCo International. These business units manufacture, market, and sell a variety of convenient,