

## **Operating Segments**

The Company's operating structure is the basis for our Company's internal financial reporting. As of December 31, 2006, our operating structure included the following operating segments, the first seven of which are sometimes referred to as "operating groups" or "groups:"

- Africa
- East, South Asia and Pacific Rim
- European Union
- Latin America
- North America
- North Asia, Eurasia and Middle East
- Bottling Investments
- Corporate

Our operating structure as of December 31, 2006, reflected changes we made during the first quarter of 2006, primarily to establish a separate internal organization for our consolidated bottling operations and our unconsolidated bottling investments. As a result of such changes, we began reporting Bottling Investments as a new operating segment beginning with the first quarter of 2006.

Effective January 1, 2007, we combined the Eurasia and Middle East Division, and the Russia, Ukraine and Belarus Division, both of which were previously included in the North Asia, Eurasia and Middle East operating segment, with the India Division, previously included in the East, South Asia and Pacific Rim operating segment, to form the Eurasia operating segment; and we combined the China Division and the Japan Division, previously included in the North Asia, Eurasia and Middle East operating segment, with the remaining East, South Asia and Pacific Rim operating segment to form the Pacific operating segment. As a result, beginning with the first quarter of 2007, we will report the following operating segments: Africa; Eurasia; European Union; Latin America; North America; Pacific; Bottling Investments; and Corporate.

Except to the extent that differences among operating segments are material to an understanding of our business taken as a whole, the description of our business in this report is presented on a consolidated basis.

For financial information about our operating segments and geographic areas, refer to Note 6 and Note 20 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report, incorporated herein by reference. For certain risks attendant to our non-U.S. operations, refer to "Item 1A. Risk Factors," below.

## **Products and Distribution**

Our Company manufactures and sells beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups, and some finished beverages.

As used in this report:

- "concentrates" means flavoring ingredients and, depending on the product, sweeteners used to prepare syrups or finished beverages;
- "syrups" means the beverage ingredients produced by combining concentrates and, depending on the product, sweeteners and added water;