

COORS ADOLPH CO  
Form DEFA14A  
July 26, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

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Check the appropriate box:

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- Definitive Proxy Statement
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**Adolph Coors Company**

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(Name of Registrant as Specified In Its Charter)

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(3) Filing Party:  
N/A

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N/A

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This filing consists of a revised investor presentation, dated as of July 22, 2004 and posted to the [www.molsoncoors.com](http://www.molsoncoors.com) website on July 26, 2004, regarding the proposed combination of Adolph Coors Company and Molson Inc.

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# Molson Coors Brewing Company

*Reshaping the Competitive Brewing Landscape*

July 22, 2004

**Leo Kiely**  
President and  
Chief Executive Officer  
Coors Brewing Company

**Daniel J. O Neill**  
President and  
Chief Executive Officer  
Molson Inc.

**Tim Wolf**  
Chief Financial Officer  
Coors Brewing Company

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## Forward Looking Statements

This presentation includes forward-looking statements within the meaning of the U.S. federal securities laws. Forward-looking statements are commonly identified by such terms and phrases as would, may, will, expects or expected to and other terms with similar meaning indicating possible future events or actions or potential impact on the businesses or shareholders of Adolph Coors Company and Molson Inc. (separately and together the Companies). Such statements include, but are not limited to, statements about the anticipated benefits, savings and synergies of the merger between Adolph Coors Company and Molson, Inc., including future financial and operating results, Coors and Molson's plans, objectives, expectations and intentions, the markets for Coors and Molson's products, the future development of Coors and Molson's business, and the contingencies and uncertainties to which Coors and Molson may be subject and other statements that are not historical facts. The presentation also includes information that has not been reviewed by the Companies' independent auditors. There is no assurance the transaction contemplated in this presentation will be completed at all, or completed upon the same terms and conditions described. All forward-looking statements in this presentation are expressly qualified by information contained in each company's filings with regulatory authorities. The Companies do not undertake to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

The following factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements: the ability to obtain required approvals of the merger on the proposed terms and schedule; the failure of Coors and Molson stockholders to approve the merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any revenue synergies from the merger may not be fully realized or may take longer to realize than expected; and disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers. Additional factors that could cause Coors and Molson's results to differ materially from those described in the forward-looking statements can be found in the periodic reports filed by Coors with the Securities and Exchange Commission and available at the Securities and Exchange Commission's internet site (<http://www.sec.gov>). Neither Coors nor Molson undertakes and each specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise.

Stockholders are urged to read the joint proxy statement/management information circular regarding the proposed transaction when it becomes available, because it will contain important information. Stockholders will be able to obtain a free copy of the joint proxy statement/management information circular, as well as other filings containing information about Coors, without charge, at the Securities and Exchange Commission's internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and the filings with the Securities and Exchange Commission that will be incorporated by reference in the joint proxy statement/management information circular can also be obtained, without charge, by directing a request to Adolph Coors Company, 311 10th Street, Golden, Colorado 80401, Attention: Investor Relations, (303) 279-6565. The respective directors and executive officers of Coors and Molson and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed merger. Information regarding Coors's directors and executive officers is available in the 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission by Coors on March 12, 2004, and information regarding Molson's directors and executive officers will be included in the joint proxy statement/management information circular. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained the joint proxy statement/prospectus and other relevant materials to be filed with the Securities and Exchange Commission when they become available.

## **Eric Molson and Peter Coors**

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**Molson and Coors: The Right Combination**

[LOGO]

[LOGO]

[GRAPHIC]

&

[GRAPHIC]

North America's oldest brewer

Established in 1873 by Adolph Coors

13<sup>th</sup> largest brewer in the world

8<sup>th</sup> largest brewer in the world

Leading position in Canada; growth opportunity  
in Brazil

Leading brands in US and UK beer markets

**Rich Brewing Heritage, Experienced Management, Leading Brands**

**To Create Substantial Value for Shareholders**

Achieves operational and financial scale to compete more successfully

Foundation of strong, established brands in the world's leading developed markets

Builds platform for participating in the continuing brewing industry consolidation

Maintains the unique national character of each company

Delivers tangible benefit to shareholders through substantial synergies, earnings accretion and cash flow

## **Leo Kiely**

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**A Compelling and Transformative Transaction**

**Merger of equals unlocks three phases of value creation:**

**Phase 1** Estimated US\$175M in potential synergies leading to near-term value creation for shareholders:

Cost savings primarily through procurement and network optimization

Expected to be accretive to earnings in year 1 for shareholders

50% of synergy capture within 18 months

**Phase 2** Funding generated by synergies to allow for additional support in key markets on critical brands to grow revenue

**Phase 3** Operating and financial scale to become a consolidator:

Top 5 by volume with 60M hl

Strong cash flow and balance sheet to support future plans

**Merger of equals establishes a consistent ability to deliver value creation in the short, medium and longer run**

**That Makes Perfect Sense**

**Creates top-5 brewer with the operational scale to succeed in the global brewing industry**

Strong market positions in some of the world's largest beer markets

Broader geographic base provides diversified sources of revenue, profit and cash

**Experienced management team to ensure smooth integration and capitalize on growth opportunities**

126 years of consumer industry experience

Proven integration skills

**Natural strategic and cultural fit**

Complementary product lines and operational geography

Existing strong working relationships

Common values, operating philosophies and heritages

**Objective is to deliver top quartile shareholder returns**

**Propels Molson Coors into Top 5**

[CHART]

Source: Company Reports latest fiscal year

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(1) Represents total pro rata volume as stated in Carlsberg 2003 Annual Report



**With Broad Scope & Scale**

Pro forma LTM net sales and EBITDA(1) of approximately US\$6.0 billion and US\$1.0 billion, respectively

Combined 2003 volume of 60M hl/51M US bbls

Combined product portfolio of more than forty brands

[LOGO]

Distribution and/or licensing agreements with leading international brewers including Heineken, Grolsch, FEMSA, and Grupo Modelo

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(1) EBITDA represents earnings before interest, tax, depreciation and amortization.

**Enhanced Platform in Developed Markets, Balanced Emerging Market Exposure**

Strong positions in world's highest margin beer markets

Growth opportunities through underdeveloped regions/brands in mature markets and Brazil

**2003 Volume 60M hl**

[CHART]

**LTM Net Sales US\$6B**

[CHART]

**LTM EBITDA US\$1B**

[CHART]

- 
- (1) **Includes Coors America's segment**
  - (2) **Includes Coors Europe segment**

**Strong geographically diversified company**

**Tapping the Largest Profit Pools...**

[CHART]

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\* Defined as brewing industry EBITDA in US\$M

Source: Company estimates

**Molson Coors is positioned in 4 of the top 10 beer profit pools\* in the world**

**With Leading Positions in Key Markets**

Country	Top Brand	Rank	Market Share	All Brands Rank
<b>Canada</b>	[GRAPHIC]	<b>#1</b>	<b>43%</b>	<b>#1</b>
<b>United Kingdom</b>	[GRAPHIC]	<b>#1</b>	<b>21%</b>	<b>#2</b>
<b>United States</b>	[GRAPHIC]	<b>#3</b>	<b>11%</b>	<b>#3</b>
<b>Brazil</b>	[GRAPHIC]	<b>#3</b>	<b>11%</b>	<b>#3</b>

Source: Datamonitor and Brewers of Canada (2003)

**Strong brands in some of the world's largest beer markets**

**Enhanced Financial Strength**

**Pro Forma LTM Molson Coors**

(US\$M)

Net sales	\$	5,963
Operating income		673
<i>Margin</i>		<i>11.3%</i>
EBITDA		994
<i>Margin</i>		<i>16.7%</i>
Free cash flow*		707

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\*Defined as EBITDA - CAPEX

CAD/USD exchange rate of 1.35

Excludes potential synergies

LTM (last twelve months) ended March 31, 2004

Strong financial position with significantly enhanced debt capacity

Net Debt / LTM EBITDA ratio of 2.1x

LTM Interest coverage of 6.7x

US\$175M in identified synergies

**Financial strength and flexibility drives growth in revenue, profits and returns**

**And Balanced Board & Management Team**

**Molson  
Independent**

**Chairman  
E. Molson**

**Coors  
Independent**

**Molson  
Independent**

**Office of Synergies & Integration**

**Coors  
Independent**

**Molson  
Independent**

**Vice Chairman  
D. J. O Neill**

**CEO  
L. Kiely**

**Coors  
Independent**

**Molson  
Family**

**Elected  
Independent**

**Elected  
Independent**

**Elected  
Independent**

**Coors  
Family**

**Coors  
Family**

**Daniel J. O Neill**

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**Management Team With Proven Track Record**

**Office of Synergy and Integration**

*ERIC MOLSON*  
*Chairman*

*LEO KIELY*  
*Chief*  
*Executive Officer*

*DANIEL J. O NEILL*  
*Vice Chairman,*  
*Synergies and*  
*Integration*

**126 years of consumer industry experience**

**History of realizing operational efficiencies and controlling cost while maintaining sales growth**

**Coors on track for its US operations cost reduction goal of \$4 to \$5/bbl over 4-5 years**

**Molson met or exceeded every cost reduction target in last 5 years**

**Establishment of Office of Synergies and Integration to achieve the expected synergies of the transaction**

**Strong experience in international operations**

**Synergies**

	Expected Savings (US\$M)	% of Pro Forma Cost Base
<b>Brewery Network Optimization</b>	\$ 60	1.1%
<b>Procurement Savings</b>	43	0.8
<b>SG&amp;A</b>	40	0.8
<b>Best In Class Savings</b>	12	0.2
<b>Organizational Design</b>	10	0.2
<b>Other</b>	10	0.2
<b>Total</b>	\$ 175	3.3%

**Molson Coors has identified a clear path to substantial synergies**

**Profit Impact and Estimated Timing**

**Impact on EBITDA of 100% Synergies**

[CHART]

**Expected Timing of Synergies**

[CHART]

**50% of synergy capture to occur in the first 18 months**

**Significant Opportunity for Margin Expansion**

	EBITDA to Net Sales					Molson Coors	
	CY99	CY00	CY01	CY02	CY03	Without Synergies	With 100% Synergies
<b>Molson*</b>	<b>18.3%</b>	<b>18.9%</b>	<b>20.3%</b>	<b>22.9%</b>	<b>22.8%</b>		
						<b>16.5%</b>	<b>19.5%</b>
<b>Coors</b>	<b>12.1%</b>	<b>12.2%</b>	<b>12.2%</b>	<b>14.1%</b>	<b>13.6%</b>		
AmBev	21.1%	28.7%	30.5%	36.9%	35.4%		
A-B	25.9%	26.4%	27.6%	28.2%	28.8%		
Interbrew	23.3%	21.2%	21.0%	21.0%	21.3%		
Heineken	17.2%	17.1%	17.5%	17.6%	20.2%		

\* Years aligned for comparison purposes; CY99 to CY01 as reported in F 02 annual report under the comparable basis; CY02 and CY03 exclude gains on sales and charges for rationalization

**US\$175M in synergies represent 300 basis points of margin improvement  
with significant opportunities for further margin expansion**

**Stronger Overall Financial Profile Provides for Long-Term Success**

**Targeted investments in support of key brands**

Increased focus and support for Coors Light in Canada

Enhanced marketing and support of Molson Canadian in the US system

**Renewed investments in product innovations**

Aspen Edge, Marca Bavaria, Carling Extra Cold, Molson Ultra, Zima XXX, Cold Shots

**Disciplined capital improvements drive productivity and growth**

Continue strategic spending to optimize infrastructure and returns

**Creates platform to continue global consolidation**

Operating and financial scale to target highly strategic acquisitions and joint ventures

**Financial flexibility enables us to invest in growth**

**Revenue Growth Opportunities**

Canada

Unleash Coors Light; redirect dollars from Canadian Light to Canadian

Support value entry to regain share and drive volume savings

Utilize the ARC technology from UK to drive on-premise listings

USA

Continue to support Coors Light in developmental regions, capitalizing on improving brand attribute ratings

Expand testing of Marca Bavaria

Leverage Molson Canadian, Zima, and Molson XXX in the complete US system

UK

Opportunity for Molson Lager

Brazil

Investigate the appeal of Coors Light

**Funding from synergies provides additional support for critical brands in key markets**

**Synergies Are a Major Value Driver**

	Expected Savings (US\$M)	% of Pro Forma Cost Base
<b>Brewery Network Optimization</b>	\$ 60	1.1%
<b>Procurement Savings</b>	43	0.8
<b>SG&amp;A</b>	40	0.8
<b>Best In Class Savings</b>	12	0.2
<b>Organizational Design</b>	10	0.2
<b>Other</b>	10	0.2
<b>Total</b>	<b>\$ 175</b>	<b>3.3%</b>

**Tim Wolf**

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**Financially Compelling Combination**

Combined enterprise value of approximately US\$8.4B

US\$6.0B in pro forma last twelve months net revenue and US\$1.0B in pro forma last twelve months EBITDA pre-synergies

Pro forma free cash flow\* in excess of US\$700M

Strengthened financial position with meaningful debt capacity

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\*Defined as EBITDA - CAPEX

**Increased size creates the financial strength and flexibility to drive future growth**

## Transaction Summary

<b>Company Name</b>	Molson Coors Brewing Company
<b>Transaction Overview</b>	Combination of Molson and Coors through a merger-of-equals transaction
<b>Consideration</b>	Stock-for-stock exchange (tax-free to holders of Molson in Canada and to holders of Coors in US)
<b>Exchange Ratio</b>	.360 Coors voting/non-voting shares per Molson voting/non-voting share
<b>Shareholder Support</b>	Both families agree to vote in favor of transaction
<b>Expected Closing</b>	Fall 2004
<b>Required Approvals</b>	Recommended unanimously by Molson and Coors Board of Directors  Subject to approval by 2/3 of each class of Molson shareholders and by a majority of each class of Coors shareholders  Subject to regulatory approvals
<b>Stock Listings</b>	Listing of Molson Coors A and B shares on NYSE; listing of exchangeable A and B shares on TSX
<b>Dividend Policy</b>	Company to adopt current Molson dividend policy currently US\$0.44 per Molson share, or US\$1.21 per Molson Coors share

**Current Structures**

**Molson Stock Class**

<b>B Voting</b>	<b>A Non-Voting</b>	<b>Total Economic</b>
[CHART]	[CHART]	[CHART]
<b>22.4M shares</b>	<b>106.9M shares</b>	<b>129.3M shares</b>

**Coors Stock Class**

<b>A Voting</b>	<b>B Non-Voting</b>	<b>Total Economic</b>
[CHART]	[CHART]	[CHART]
<b>1.3M shares</b>	<b>37.6M shares</b>	<b>38.8M shares</b>

**Transaction Parameters**

**1 Voting Share of  
Coors**

**1 Voting Share of  
Molson Coors**

**1 Non-Voting  
Share of Coors**

**1 Non-Voting  
Share of Molson Coors**

**US-Based**

**Canada-Based**

**1 Voting Share of  
Molson**

**.126 Voting Shares  
of Molson Coors  
.234 Non-Voting  
Shares of Molson  
Coors**

**or**

**.126 Exchangeable  
Voting Shares of  
Molson Coors  
.234 Exchangeable  
Non-Voting Shares  
of Molson Coors**

**1 Non-Voting  
Share of Molson**

**.360 Non-Voting  
Shares of Molson  
Coors**

**or**

**.360 Exchangeable  
Non-Voting Shares  
of Molson Coors**

**Pro Forma Share Exchange**

<b>Molson Shareholders</b>	<b>Exchange Ratio</b>	<b>Molson Coors Shares</b>	
<b>Voting (Class B)</b>		<b>35%</b>	<b>Voting (Class A)</b>
	<b>.360x</b>		
<b>Non-Voting (Class A)</b>		<b>65%</b>	<b>Non-Voting (Class B)</b>
		<b>100%</b>	
 <b>Coors Shareholders</b>			
<b>Voting (Class A)</b>		<b>100%</b>	<b>Voting (Class A)</b>
<b>Non-Voting (Class B)</b>		<b>100%</b>	<b>Non-Voting (Class B)</b>

**Pro Forma Molson Coors Ownership Profile**

Stock Class	
<b>A Voting</b>	<b>B Non-Voting</b>
[CHART]	[CHART]
<b>4.1M shares</b>	<b>81.3M shares</b>

**Voting Rights and Governance**

Molson and Coors control groups to have comparable voting rights

Voting Trust to be established with equal representation between Coors family and Eric Molson's holding company

Current Molson public Class B voting shareholders hold balance of voting rights

Balanced Board 15 members; 9 independent

5 elected by the Coors family

5 elected by the Molson family

3 elected by non-voting shareholders

Leo Kiely

Daniel J. O'Neill

**Existing controlling shareholders will share equal board seats and voting rights**

**Last Twelve Months Pro Forma Income Statement**

(US\$M)	Molson	Coors	Pre-synergies	Combined \$	175M Synergies
<b>Net sales</b>	<b>1,867</b>	<b>4,096</b>	<b>5,963</b>		<b>5,963</b>
<b>EBIT</b>	<b>352</b>	<b>321</b>	<b>673</b>		<b>848</b>
<i>Margin</i>	<i>18.8%</i>	<i>7.8%</i>	<i>11.3%</i>		<i>14.2%</i>
<b>EBITDA</b>	<b>425</b>	<b>569</b>	<b>994</b>		<b>1,169</b>
<i>Margin</i>	<i>22.8%</i>	<i>13.9%</i>	<i>16.7%</i>		<i>19.6%</i>
<b>Net income**</b>	<b>175</b>	<b>179</b>	<b>354</b>		<b>468(1)</b>
<b>Free cash flow*</b>	<b>360</b>	<b>347</b>	<b>707</b>		<b>882</b>

LTM as of March 31, 2004

CAD/USD exchange rate of 1.35

Excludes purchase accounting adjustments

\* EBITDA Capex

\*\* Excluding purchase accounting adjustments

(1) Synergies taxed at 35%

**Margin Expansion, Stronger Cash Flow, Increased Profits**



**Pro Forma Balance Sheet**

(US\$M)	Molson		Coors		Combined
Cash	\$	16.2	\$	27.5	\$ 43.7
<b>Total current assets</b>	<b>\$</b>	<b>328.6</b>	<b>\$</b>	<b>1,010.3</b>	<b>\$ 1,338.9</b>
PP&E		780.9		1,513.2	2,294.1
<b>Total assets</b>	<b>\$</b>	<b>3,002.2</b>	<b>\$</b>	<b>4,491.5</b>	<b>\$ 7,493.7</b>
<b>Total current liabilities</b>	<b>\$</b>	<b>783.2</b>	<b>\$</b>	<b>1,126.2</b>	<b>\$ 1,909.4</b>
Total debt		867.2		1,253.9	2,121.1
Minority interests		105.5		27.7	133.2
Shareholders equity		931.4		1,361.0	2,292.4
<b>Total liabilities and shareholders equity</b>	<b>\$</b>	<b>3,002.2</b>	<b>\$</b>	<b>4,491.5</b>	<b>\$ 7,493.7</b>

As of March 31, 2004

CAD/USD exchange rate of 1.31

Excludes purchase accounting adjustments

**Low leverage provides Molson Coors the financial flexibility to grow**

## **Leo Kiely**

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**Molson Coors A Key Strategic Step**

**Value Creation**

Transaction unlocks  
shareholder value through  
US\$175M of merger synergies

Experienced management  
team can deliver upon key  
objectives

**Critical Mass**

Creates top-5 brewer  
with global scale and diversity

Strong cash flow and  
balance sheet for further  
investment in business and  
Molson Coors future growth

**Vision**

Natural strategic and  
cultural fit new company to  
combine best of both organizations

Vision shared by family  
owners who have been growing the  
business for generations

**Enhanced position in consolidating global brewing industry**

## Questions?

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