

MOLSON COORS BREWING CO
Form 10-Q
May 06, 2009

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

FORM 10-Q

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

For the Quarterly period ended March 29, 2009

OR

o **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: 1-14829

Molson Coors Brewing Company

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

84-0178360

(I.R.S. Employer
Identification No.)

1225 17th Street, Denver, Colorado, USA
1555 Notre Dame Street East, Montréal, Québec, Canada
(Address of principal executive offices)

80202
H2L 2R5
(Zip Code)

303-927-2337 (Colorado)
514-521-1786 (Québec)
(Registrant's telephone number, including area code)

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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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
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(Do not check if a
smaller
reporting company)

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of April 24, 2009:

Class A Common Stock	2,586,764 shares
Class B Common Stock	157,794,177 shares

Exchangeable shares:

As of April 24, 2009, the following number of exchangeable shares was outstanding for Molson Coors Canada, Inc.:

Class A Exchangeable shares	3,172,808 shares
Class B Exchangeable shares	20,434,799 shares

These Class A and Class B exchangeable shares offer substantially the same economic and voting rights as the respective classes of common shares of the registrant. This is achieved via the following structure: The registrant has outstanding one share of special Class A voting stock, through which the holders of Class A exchangeable shares and Class B exchangeable shares of Molson Coors Canada Inc. (a subsidiary of the registrant), respectively, may exercise their voting rights with respect to the registrant. The special Class A and Class B voting stock are entitled to one vote for each of the exchangeable share classes, respectively, excluding shares held by the registrant or its subsidiaries, and generally vote together with the Class A common stock and Class B common stock, respectively, on all matters on which the Class A common stock and Class B common stock are entitled to vote. The trustee holder of the special Class A voting stock and the special Class B voting stock has the right to cast a number of votes equal to the number of then outstanding Class A exchangeable shares and Class B exchangeable shares, respectively.

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM I. FINANCIAL STATEMENTS**

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(IN MILLIONS, EXCEPT PER SHARE DATA)

(UNAUDITED)

	Thirteen Weeks Ended	
	March 29, 2009	March 30, 2008
Sales	\$ 824.2	\$ 1,816.2
Excise taxes	(265.2)	(459.6)
Net sales	559.0	1,356.6
Cost of goods sold	(346.1)	(835.0)
Gross profit	212.9	521.6
Marketing, general and administrative expenses	(182.6)	(436.6)
Special items, net	(10.2)	(7.3)
Equity income in MillerCoors	97.1	
Operating income	117.2	77.7
Interest expense, net	(19.9)	(27.8)
Debt extinguishment costs		(12.4)
Other (expense) income, net	(18.5)	4.6
Income from continuing operations before income taxes	78.8	42.1
Income tax benefit	1.3	6.6
Income from continuing operations	80.1	48.7
Loss from discontinued operations, net of tax	(3.9)	(9.0)
Net income	76.2	39.7
Less: Net income attributable to noncontrolling interests	(0.5)	(5.4)
Net income attributable to Molson Coors Brewing Company	\$ 75.7	\$ 34.3
Basic income (loss) per share:		
Continuing operations attributable to Molson Coors Brewing Company	\$ 0.43	\$ 0.24
Discontinued operations attributable to Molson Coors Brewing Company	(0.02)	(0.05)
Net income attributable to Molson Coors Brewing Company	\$ 0.41	\$ 0.19
Diluted income (loss) per share:		
	\$ 0.43	\$ 0.24

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Continuing operations attributable to Molson Coors Brewing Company			
Discontinued operations attributable to Molson Coors Brewing Company		(0.02)	(0.05)
Net income attributable to Molson Coors Brewing Company	\$	0.41	\$ 0.19
Weighted average shares basic		183.8	181.0
Weighted average shares diluted		184.9	184.5
Amounts attributable to Molson Coors Brewing Company			
Income from continuing operations, net of tax	\$	79.6	\$ 43.3
Loss from discontinued operations, net of tax		(3.9)	(9.0)
Net income attributable to Molson Coors Brewing Company	\$	75.7	\$ 34.3

See notes to unaudited condensed consolidated financial statements.

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(IN MILLIONS)****(UNAUDITED)**

	March 29, 2009	As of December 28, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 94.4	\$ 216.2
Accounts receivable, net	384.8	472.5
Other receivables, net	144.7	162.9
Inventories:		
Finished, net	84.1	89.1
In process	16.6	13.4
Raw materials	45.5	43.3
Packaging materials, net	43.3	46.3
Total inventories, net	189.5	192.1
Other assets, net	72.1	61.9
Discontinued operations	3.0	1.5
Total current assets	888.5	1,107.1
Properties, net	1,131.2	1,301.9
Goodwill	1,276.2	1,298.0
Other intangibles, net	3,850.1	3,923.4
Investment in MillerCoors	2,499.9	2,418.7
Deferred tax assets		75.3
Notes receivable, net	50.5	51.8
Other assets	197.5	203.4
Discontinued operations	5.4	7.0
Total assets	\$ 9,899.3	\$ 10,386.6

See notes to unaudited condensed consolidated financial statements.

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(IN MILLIONS, EXCEPT PAR VALUE)****(UNAUDITED)**

	March 29, 2009	As of December 28, 2008
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 146.9	\$ 170.5
Accrued expenses and other liabilities	507.9	690.8
Deferred tax liabilities	122.0	107.8
Short-term borrowings and current portion of long-term debt	0.1	0.1
Discontinued operations	24.4	16.9
Total current liabilities	801.3	986.1
Long-term debt	1,568.2	1,752.0
Pension and post-retirement benefits	448.2	581.0
Derivative hedging instruments	226.9	225.9
Deferred tax liabilities	345.2	399.4
Unrecognized tax benefits	180.5	230.4
Other liabilities	134.4	47.6
Discontinued operations	119.0	124.8
Total liabilities	3,823.7	4,347.2
Molson Coors Brewing Company stockholders' equity		
Capital stock:		
Preferred stock, non-voting, no par value (authorized: 25.0 shares; none issued)		
Class A common stock, voting, \$0.01 par value per share (authorized: 500.0 shares; issued and outstanding: 2.6 shares and 2.7 shares at March 29, 2009 and December 28, 2008, respectively)		
Class B common stock, non-voting, \$0.01 par value per share (authorized: 500.0 shares; issued and outstanding: 157.8 shares and 157.1 shares at March 29, 2009 and December 28, 2008, respectively)	1.6	1.6
Class A exchangeable shares (issued and outstanding: 3.2 shares at March 29, 2009 and December 28, 2008)	119.4	119.4
Class B exchangeable shares (issued and outstanding: 20.4 shares and 20.9 shares at March 29, 2009 and December 28, 2008, respectively)	768.9	786.3
Total capital stock	889.9	907.3
Paid-in capital	3,369.2	3,334.6
Retained earnings	2,223.7	2,184.9
Accumulated other comprehensive loss	(411.3)	(371.4)
Total Molson Coors Brewing Company stockholders' equity	6,071.5	6,055.4
Noncontrolling interests	4.1	(16.0)
Total equity	6,075.6	6,039.4

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Total liabilities and equity	\$ 9,899.3	\$ 10,386.6
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See notes to unaudited condensed consolidated financial statements.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)
(UNAUDITED)

	Thirteen Weeks Ended	
	March 29, 2009	March 30, 2008
Cash flows from operating activities:		
Net income	\$ 76.2	\$ 39.7
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	44.4	82.3
Share-based compensation	3.3	38.6
Gain on sale of properties and intangibles		(23.2)
Deferred income taxes	(1.6)	(3.5)
Equity income in MillerCoors	(97.1)	
Distributions from MillerCoors	84.0	
Equity in net income of other unconsolidated affiliates	(1.8)	(5.9)
Excess tax benefits from share-based compensation	(15.2)	(3.6)
Change in current assets and liabilities and other	(91.3)	(259.6)
Discontinued operations	3.9	9.0
Net cash provided by (used in) operating activities	4.8	(126.2)
Cash flows from investing activities:		
Additions to properties and intangible assets	(19.6)	(69.5)
Proceeds from sales of properties and intangible assets	2.1	28.3
Proceeds from sale of investment securities, net		22.8
Investment in MillerCoors	(67.2)	
Deconsolidation of Brewers' Retail, Inc.	(26.1)	
Investment in an unconsolidated affiliate		(7.0)
Trade loan repayments from customers	3.2	6.9
Trade loans advanced to customers	(2.8)	(9.2)
Other		2.6
Net cash used in investing activities	(110.4)	(25.1)
Cash flows from financing activities:		
Exercise of stock options under equity compensation plans	1.5	23.0
Excess tax benefits from share-based compensation	15.2	3.6
Dividends paid	(36.8)	(28.9)
Dividends paid to noncontrolling interests holders		(4.2)
Payments on long-term debt and capital lease obligations	(0.1)	(180.6)
Proceeds from short-term borrowings	9.6	30.5
Payments on short-term borrowings	(7.7)	(0.1)
Change in overdraft balances and other	4.8	39.1
Settlements of debt-related derivatives		12.0
Net cash used in financing activities	(13.5)	(105.6)
Cash and cash equivalents:		
Net decrease in cash and cash equivalents	(119.1)	(256.9)

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Effect of foreign exchange rate changes on cash and cash equivalents	(2.7)	(1.4)
Balance at beginning of year	216.2	377.0
Balance at end of period	\$ 94.4	\$ 118.7

See notes to unaudited condensed consolidated financial statements.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise noted in this report, any description of we, us or our includes Molson Coors Brewing Company ("MCBC" or the "Company"), principally a holding company, and its operating subsidiaries: Coors Brewing Company ("CBC"), operating in the United States ("U.S."); Molson Coors Brewing Company UK Limited ("MCBC-UK"), formally referred to as Coors Brewers Limited ("CBL"), operating in the United Kingdom ("U.K."); Molson Canada ("Molson"), operating in Canada; and our other corporate entities. Any reference to "Coors" means the Adolph Coors Company prior to the 2005 merger with Molson Inc. (the "Merger"). Any reference to Molson Inc. means Molson prior to the Merger. Any reference to "Molson Coors" means MCBC after the Merger.

Effective July 1, 2008, MCBC and SABMiller plc ("SABMiller") combined the U.S. and Puerto Rico operations of our respective subsidiaries, CBC and Miller Brewing Company ("Miller"). The results and financial position of U.S. operations, which had historically comprised substantially all of our U.S. reporting segment were, in all material respects, deconsolidated from MCBC prospectively upon formation of MillerCoors. Our interest in MillerCoors is accounted for by us under the equity method of accounting. See Note 2, "BUSINESS SEGMENTS," and Note 3, "INVESTMENT IN MILLERCOORS."

Unless otherwise indicated, information in this report is presented in U.S. dollars ("USD" or "\$").

Unaudited Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring accruals, which are necessary for a fair statement of the financial position, results of operations and cash flows for the periods presented. The accompanying condensed consolidated financial statements include our accounts, the accounts of our majority owned subsidiaries, equity method investments, and certain variable interest entities of which we are the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation. These condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 28, 2008. The results of operations for the thirteen week period ended March 29, 2009, are not necessarily indicative of the results that may be achieved for the full fiscal year and cannot be used to indicate financial performance for the entire year.

The December 28, 2008 condensed consolidated balance sheet data is consistent with our audited financial statements, other than the impact of the adoption of SFAS 160 and FSP APB 14-1 as described below, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("U.S. GAAP").

Reporting Periods Presented

MCBC follows a 52/53 week fiscal reporting calendar. The first fiscal quarter of 2009 and 2008 consisted of thirteen weeks ending on March 29, 2009 and March 30, 2008, respectively. Fiscal years 2009 and 2008 consist of 52 weeks ending on December 27, 2009 and December 28, 2008, respectively.

The results from Brewers' Retail, Inc. ("BRI"), a consolidated subsidiary through February 28, 2009, are reported one month in arrears in the accompanying unaudited condensed consolidated financial statements. Due to a change in our ownership level of BRI, we deconsolidated this entity from our financial statements as of March 1, 2009, and began to prospectively account for it under the

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

equity method of accounting. See Note 10 "VARIABLE INTEREST ENTITIES," for further discussion.

MillerCoors follows a monthly reporting calendar. The first quarter of 2009 consisted of three months ended March 31, 2009.

Use of estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions are reasonable, based on information available at the time they are made. To the extent there are material differences between these estimates and actual results, our consolidated financial statements may be affected.

Reclassifications and Retroactive Application of New Accounting Pronouncements

During the first quarter of 2009, we adopted SFAS 160 and FSP APB 14-1, both of which required retrospective applications. See discussions below under Adoption of New Accounting Pronouncements. In addition, certain prior period amounts have been reclassified to conform to the current period presentation.

Adoption of New Accounting Pronouncements

SFAS No. 141(R) "Business Combinations" and FSP FAS 141(R)-1 "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies"

In December 2007, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141 (revised 2007), "Business Combinations" ("SFAS 141R"), which replaces SFAS 141, "Business Combinations." Under the provisions of SFAS 141(R), acquisition costs will generally be expensed as incurred; noncontrolling interests will be valued at fair value at the acquisition date; in-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date; restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense. FASB Staff Position ("FSP") FAS 141(R)-1 "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies," ("FSP FAS 141(R)-1") amends and clarifies SFAS 141(R) to address application on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. SFAS 141(R) and FSP FAS 141(R)-1 will be effective, on a prospective basis, for all business combinations for which the acquisition date is after the beginning of our fiscal year 2009, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies for which the adoption is retrospective. The adoption of SFAS 141(R) and FSP FAS 141(R)-1 did not have a material impact on our consolidated financial position and results of operations in the quarter.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SFAS No. 157 "Fair Value Measurements"

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Effective December 31, 2007, we adopted the provisions of SFAS 157 related to financial assets and liabilities, as well as other assets and liabilities carried at fair value on a recurring basis. These provisions were applied prospectively and did not have a material effect on the consolidated financial position, results of operations or cash flows of the Company (see Note 14 "FAIR VALUE MEASUREMENTS," for SFAS 157 disclosures related to financial assets and liabilities). Effective December 29, 2008, we adopted the provisions of SFAS 157 related to other nonfinancial assets and liabilities. The adoption of these provisions did not have a material effect on the consolidated financial position, results of operations or cash flows of the Company and these provisions will be applied prospectively for the fair value measurement of non-financial assets.

SFAS No. 160 "Noncontrolling Interests in Consolidated Financial Statements"

In December 2007, the FASB issued Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51" ("SFAS 160") and is effective for us beginning in fiscal year 2009. This Statement requires the recognition of a noncontrolling interest (previously referred to as minority interest), as a component of equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest is included in consolidated net income on the face of the consolidated statement of operations. It also amends certain of ARB No. 51's consolidation procedures for consistency with the requirements of SFAS 141(R), including procedures associated with the deconsolidation of a subsidiary. As a result, our adoption of SFAS 160 impacts the accounting for the deconsolidation of Brewers' Retail, Inc. ("BRI") in the first quarter of 2009. Changes to noncontrolling interests reflected in total equity during the first quarter of 2009 resulted from net earnings (\$0.5 million) and the effects of deconsolidating BRI (\$19.6 million). Changes to the individual components of accumulated other comprehensive income attributable to noncontrolling interests were insignificant. See Note 10 "VARIABLE INTEREST ENTITIES" for further discussion. This statement also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest.

SFAS No. 161 "Disclosures about Derivative Instruments and Hedging Activities. Including an amendment of FASB Statement No. 133"

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133," ("SFAS 161") as amended and interpreted, which requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. Disclosing the fair values of derivative instruments and their gains and losses in a tabular format provides a more complete picture of the location in an entity's financial statements of both the derivative positions existing at period end and the effect of using derivatives during the reporting period. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The implementation of this standard did not have a material impact on our consolidated financial position and results of operations, although it did result in additional disclosures. See Note 13 "DERIVATIVE INSTRUMENTS," for further SFAS 161 information and disclosures.

FASB Staff Position APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)"

In May 2008, the FASB issued FSP No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1") which applies to all convertible debt instruments that have a "net settlement feature", which means that such convertible debt instruments, by their terms, may be settled either wholly or partially in cash upon conversion. FSP APB 14-1 requires issuers of convertible debt instruments that may be settled wholly or partially in cash upon conversion to separately account for the liability and equity components in a manner reflective of the issuers' nonconvertible debt borrowing rate. The Company retrospectively adopted FSP APB 14-1 on December 29, 2008, which impacted the historical accounting for the 2007 2.5% Convertible Senior Notes due July 30, 2013 ("Convertible Senior Notes"). Considering interest rates in effect at the time of the Convertible Senior Notes issuance on June 15, 2007, we determined that the historical liability and equity components would have been valued using an effective 6.08% interest rate. As such the amount allocated to the long-term debt at that date is \$471.1 million, and the pretax amount allocated to equity is \$103.9 million. The retrospective adoption will increase non-cash interest expense by \$15.8 million and \$8.4 million for the fifty-two weeks ended December 28, 2008 and December 30, 2007, respectively. We will record additional non-cash interest expense representing the amortization of the debt discount on the Convertible Senior Notes in 2009 through 2013 of approximately \$16 million to \$18 million annually, thereby increasing the carrying value of the long-term debt to \$575 million by its maturity date in July 2013.

During the thirteen weeks ended March 29, 2009 and March 30, 2008, we incurred additional non-cash interest expense of \$4.0 million and \$3.9 million, respectively. The additional non-cash interest expense impact to net income per share was a decrease of \$0.01 for each of the thirteen weeks ended March 29, 2009 and March 30, 2008. We also incurred interest expense related to the 2.5% coupon rate of \$3.6 million for both periods ended March 29, 2009 and March 30, 2008. The combination of non-cash and cash interest resulted in an effective interest rate of 5.31% and 5.22% for the thirteen weeks ended March 29, 2009 and March 20, 2008, respectively. As of March 29, 2009 and December 28, 2008, paid in capital in the equity section of our balance sheet includes \$103.9 million, (\$64.2 million net of tax), representing the equity component of the Convertible Senior Notes. Long-term debt was reduced by the unamortized discount associated with the Convertible Senior Notes of \$75.6 million and \$79.7 million as of March 29, 2009 and December 28, 2008, respectively.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

FASB Staff Position FASB 142-3 "Determination of the Useful Life of Intangible Assets"

In April 2008, the FASB issued FSP No. FASB 142-3, "*Determination of the Useful Life of Intangible Assets*" ("FSP No. FASB 142-3"). This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful lives of recognized intangible assets under SFAS Statement No. 142, "Goodwill and Other Intangible Assets." This FSP applies to recognized intangible assets that are accounted for pursuant to SFAS No. 142. For a recognized intangible asset, an entity will be required to disclose information that enables users of financial statements to assess the extent to which expected future cash flows associated with the asset are affected by the entity's intent and/or ability to renew or extend the arrangement. This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008 and for intangible assets acquired after that date. Early adoption is prohibited. The adoption of FSP No. FASB 142-3 did not impact our financial statements.

New Accounting Pronouncements Not Yet Adopted

FSP FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets"

In December 2008, the FASB issued FSP FAS 132(R)-1, "*Employers' Disclosures about Postretirement Benefit Plan Assets.*" This FSP amends SFAS No. 132 (revised 2003), "*Employers' Disclosures about Pensions and Other Postretirement Benefits,*" to provide guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan on investment policies and strategies, major categories of plan assets, inputs and valuation techniques used to measure the fair value of plan assets and significant concentrations of risk within plan assets. This FSP shall be effective for fiscal years ending after December 15, 2009, with earlier application permitted. Upon initial application, the provisions of this FSP are not required for earlier periods that are presented for comparative purposes. We are currently evaluating the disclosure requirements of this new FSP.

FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly"

In April 2009, the FASB issued FSP FAS 157-4, "*Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly.*" This FSP provides additional guidance for estimating fair value in accordance with FASB Statement No. 157, *Fair Value Measurements*, when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. This FSP shall be effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. We are currently evaluating the disclosure requirements of this new FSP but do not believe that it will have a significant impact on the determination or reporting of our financial results.

FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments"

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, "*Interim Disclosures about Fair Value of Financial Instruments.*" This FSP amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments for interim

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

reporting periods of publicly traded companies as well as in annual financial statements. This FSP also amends APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in summarized financial information at interim reporting periods. This FSP shall be effective for interim reporting periods ending after June 15, 2009. We are currently evaluating the disclosure requirements of this new FSP but do not believe that it will have a significant impact on the determination or reporting of our financial results.

FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments"

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, *"Recognition and Presentation of Other-Than-Temporary Impairments."* This FSP amends the other-than-temporary impairment guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FSP does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. This FSP shall be effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. We are currently evaluating the disclosure requirements of this new FSP but do not believe that it will have a significant impact on the determination or reporting of our financial results.

2. BUSINESS SEGMENTS

A summary of our operating segment structure is provided below:

Reportable segments

Canada

The Canada segment consists of our production, marketing and sales of the Molson family of brands, *Coors Light* and other owned and partner brands, principally in Canada. The Canada segment includes our joint venture arrangements related to the distribution and retail sale of beer in Ontario, through BRI; and the distribution of beer in the western provinces, through Brewers' Distributor Ltd. ("BDL"). The Canada segment also includes our equity interest in the Montréal Canadiens Hockey Club, and Modelo Molson Imports, L.P.

United States ("U.S.")

As discussed in Note 1, "BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES," effective July 1, 2008, MillerCoors LLC ("MillerCoors") began operations. The results and financial position of our CBC business were deconsolidated upon contribution to the joint venture, and our interest in MillerCoors is being accounted for and reported by us under the equity method of accounting. MCBC's equity investment in MillerCoors represents our entire U.S. operating segment for the thirteen weeks ended March 29, 2009.

For the thirteen weeks ended March 30, 2008, our U.S. segment consisted of the production, marketing, and sales of the Coors and Molson portfolios of brands in the United States and Puerto Rico.

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****2. BUSINESS SEGMENTS (Continued)***United Kingdom ("U.K.")*

The segment includes the production, marketing, and sale of our brands in the U.K. and our royalty arrangements in the Republic of Ireland.

Non-reportable segment and other business activities*Global Brands and Market Development ("Global Markets") and Corporate*

These results represent our unallocated corporate general and administrative costs, net interest costs associated with financing activities, and results of operations associated with certain global markets, including Mexico, the Caribbean (other than Puerto Rico), Asia and continental Europe. The asset levels and results of operations from this non-reportable segment and other business activities are not material enough to merit separate disclosure as a reportable segment.

The following table sets forth net sales by segment:

	Thirteen Weeks Ended	
	March 29, 2009	March 30, 2008
	(In millions)	
Canada	\$ 324.7	\$ 383.6
U.S.		650.0
U.K.	219.4	310.5
Global Markets and Corporate	14.9	12.5
Consolidated	\$ 559.0	\$ 1,356.6

Across each of our segments, no single customer accounted for more than 10% of our sales. Net sales represent sales to third party external customers. Inter-segment revenues are insignificant and eliminated in consolidation.

The following table sets forth income (loss) from continuing operations before income taxes by segment:

	Thirteen Weeks Ended	
	March 29, 2009	March 30, 2008
	(In millions)	
Canada	\$ 50.0	\$ 62.7
U.S.	97.1	69.9
U.K.	2.6	(4.1)
Global Markets and Corporate	(70.9)	(86.4)
Consolidated	\$ 78.8	\$ 42.1

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****2. BUSINESS SEGMENTS (Continued)**

The following table sets forth total assets by segment:

	As of	
	March 29, 2009	December 28, 2008
	(In millions)	
Canada	\$ 5,299.2	\$ 5,688.1
U.S.	2,499.9	2,418.7
U.K.	1,899.2	2,024.2
Global Markets and Corporate	192.6	247.1
Discontinued operations	8.4	8.5
 Total assets	 \$ 9,899.3	 \$ 10,386.6

3. INVESTMENT IN MILLERCOORS

Effective July 1, 2008, MCBC and SABMiller plc combined the U.S. and Puerto Rico operations of our respective subsidiaries, CBC and Miller Brewing Company. In connection with the closing of the joint venture transaction, each of Molson Coors, CBC, SABMiller and Miller have entered into an Amended and Restated Operating Agreement (the "LLC Operating Agreement"). The LLC Operating Agreement will be the primary operating document governing the joint venture, MillerCoors LLC.

Pursuant to the LLC Operating Agreement, MillerCoors has a Board of Directors consisting of five MCBC-appointed directors and five SABMiller-appointed directors. The percentage interests in the profits of MillerCoors are 58% for SABMiller plc and 42% for MCBC; voting interests are shared 50%-50%.

The results and financial position of U.S. operations, which had historically comprised substantially all of our U.S. reporting segment were, in all material respects, deconsolidated from MCBC prospectively upon formation of MillerCoors. Our interest in the new combined operations is accounted for under the equity method of accounting.

MillerCoors routinely makes distributions to its owners based on earnings. For purposes of MCBC's statement of cash flows, we compare cumulative cash distributions received to our cumulative equity method income recorded in accordance with U.S. GAAP. To the extent that distributions received are less than or equal to our cumulative U.S. GAAP equity method income, they are considered returns on capital and are reported as cash inflows from operating activities. To the extent that distributions received exceed our cumulative U.S. GAAP equity method income, they are considered to be returns of capital, and are reported as cash inflows from investing activities.

We make regular contributions to MillerCoors to fund capital expenditures and working capital needs. Any such contributions to MillerCoors will be reported by us as cash outflows from investing activities.

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****3. INVESTMENT IN MILLERCOORS (Continued)**

Summarized financial information for MillerCoors is as follows (in millions):

Condensed balance sheet

	As of	
	March 31, 2009	December 31, 2008
Current assets	\$ 978	\$ 849
Noncurrent assets	8,852	8,853
Total assets	\$ 9,830	\$ 9,702
Current liabilities	\$ 1,017	\$ 1,034
Noncurrent liabilities	1,428	1,412
Total liabilities	2,445	2,446
Shareholders' investment	7,352	7,227
Noncontrolling interests	33	29
Total shareholders' investment	7,385	7,256
Total liabilities and shareholders' investment	\$ 9,830	\$ 9,702

Results of operations

	For the three months ended March 31, 2009	
	Actual	
Net sales	\$	1,715.9
Cost of goods sold		(1,049.9)
Gross profit	\$	666.0
Operating income	\$	213.8
Net Income attributable to MillerCoors	\$	206.0

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****3. INVESTMENT IN MILLERCOORS (Continued)**

The following represents MCBC's proportional share in net income attributable to MillerCoors reported under the equity method (in millions):

	Thirteen Weeks Ended March 29, 2009
Net income attributable to MillerCoors	\$ 206.0
MCBC economic interest	42%
MCBC proportionate share of MillerCoors net income	86.5
Accounting policy elections(1)	7.3
Amortization of the difference between MCBC contributed cost basis and proportional share of the underlying equity in net assets of MillerCoors(2)	3.0
Share-based compensation adjustment(3)	0.3
Equity income in MillerCoors	\$ 97.1

(1)

MillerCoors made its initial accounting policy elections upon formation, impacting certain asset and liability balances contributed by MCBC. Our investment basis in MillerCoors is based upon the book value of the net assets we contributed to it. These adjustments reflect the favorable impact to our investment as a result of the differences resulting from accounting policy elections, the most significant of which was MillerCoors' election to value contributed CBC inventories using the first in, first out (FIFO) method, rather than the last in, first out (LIFO) method, which had previously been applied. This adjustment has been phased in over the expected turnover of the related inventories; which was concluded in the first quarter of 2009.

(2)

MCBC's net investment in MillerCoors is based on the carrying values of the net assets it contributed to the joint venture which is less than our proportional share of underlying equity (42%) of MillerCoors (contributed by both MCBC and SABMiller) by approximately \$648.1 million. This difference is being amortized as additional equity income over the remaining useful lives of long-lived assets giving rise to the difference. For non-depreciable assets, such as goodwill and land, no adjustment is recorded unless such assets are determined to be impaired.

(3)

The net adjustment is to record all stock-based compensation associated with preexisting equity awards to be settled in MCBC Class B common stock held by former CBC employees now employed by MillerCoors and to eliminate all stock-based compensation impacts related to preexisting SABMiller equity awards held by Miller employees now employed by MillerCoors.

During the thirteen weeks ended March 29, 2009, we had \$10.0 million and \$2.4 million of sales of beer to MillerCoors and purchases of beer from MillerCoors, respectively. For the thirteen weeks ended March 29, 2009, we recorded \$3.6 million and \$0.3 million of service agreement charges to MillerCoors and purchases of service agreement costs from MillerCoors, respectively. As of March 29, 2009 and December 28, 2008, we had \$11.1 million and \$20.2 million receivable due from MillerCoors related to the activities mentioned above.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

4. SHARE-BASED PAYMENTS

During the first quarters of 2009 and 2008, we recognized share-based compensation related to the following Class B common share awards to certain directors, officers, and other eligible employees, pursuant to the Molson Coors Brewing Company Incentive Compensation Plan: restricted stock units ("RSU"), deferred stock units ("DSU"), performance share units ("PSU"), stock options, and stock-only stock appreciation rights ("SOSAR"). We have incurred \$2.9 million and \$27.4 million of after-tax compensation expense for the thirteen weeks ended March 29, 2009 and March 30, 2008, respectively.

PSU awards are earned over the estimated expected term to achieve projected financial targets, which were established on March 16, 2006, at the time of the initial grant. As of March 30, 2008, these financial targets were achieved for all PSU awards outstanding. As a result of achieving these financial targets associated with the outstanding PSU awards, we recognized the remaining \$34.4 million expense before taxes in the first quarter of 2008. PSUs are granted at the market value of our stock on the date of the grant. There were no PSU awards outstanding or issued during the thirteen weeks ended March 29, 2009.

We record the fair value impact related to stock-based compensation for former CBC employees now employed by MillerCoors who hold previously granted MCBC stock-awards on a quarterly basis. The additional mark-to-market cost is related to stock awards to be settled in MCBC Class B common stock. The mark-to-market stock-based compensation expense, related to MCBC equity awards, during the thirteen weeks ended March 29, 2009 was not significant.

For the thirteen weeks ended March 29, 2009, after-tax compensation expense includes an additional \$0.4 million associated with providing an exercise price floor on stock options pursuant to the change in control agreements which were exercised following the Molson Coors merger. See Note 5, "SPECIAL ITEMS, NET."

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****5. SPECIAL ITEMS, NET**

We have incurred charges or gains that we believe are not indicative of our normal, recurring operations. As such, we have separately classified these costs as special operating items.

Summary of Special Items

The table below summarizes special items recorded by program:

	Thirteen Weeks Ended	
	March 29, 2009	March 30, 2008
	(In millions)	
Canada Pension curtailment	\$ 5.3	\$
Canada Restructuring, exit and other related costs associated with the Edmonton and Montreal breweries	2.8	1.4
U.S. Costs associated with the MillerCoors joint venture		16.2
U.S. Gain on sale of distribution business		(24.2)
U.K. Restructuring charge	0.9	1.6
U.K. Other, including certain exit costs		0.5
Global Markets and Corporate Costs associated with MillerCoors joint venture		5.5
Global Markets and Corporate Costs associated with outsourcing and other strategic initiatives	0.6	6.3
Global Markets and Corporate Loss on change in control agreements for Coors executives	0.6	
Total special items	\$ 10.2	\$ 7.3

Canada Segment

During the first quarter of 2009, the Canada segment recognized a \$5.3 million pension curtailment loss (see Note 15 "EMPLOYEE RETIREMENT AND POST-EMPLOYMENT PLANS") and \$2.2 million of restructuring costs associated with employee terminations at the Montreal brewery driven by MillerCoors' decision to produce *Blue Moon* products at its breweries in the U.S. The segment also recognized \$0.6 million of other costs during the first quarter of 2009. During the first quarter of 2008, we recognized a charge of \$1.4 million related to costs associated with the closure of the Edmonton brewery.

The following summarizes the activity in the Canada segment restructuring accruals:

	Severance and other employee-related costs	
	(In millions)	
Balance at December 28, 2008	\$ 1.4	
Charges incurred		2.2
Payments made		(2.1)
Foreign currency and other adjustments		(0.1)
Balance at March 29, 2009	\$ 1.4	

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****5. SPECIAL ITEMS, NET (Continued)*****U.S. Segment***

As discussed in Note 1 "BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES," effective July 1, 2008, MillerCoors LLC began operations. MCBC's equity income in MillerCoors includes our former U.S. operating segment results, including special items.

During the first quarter of 2008, we sold our Boise, Idaho beer distributorship for \$25.2 million resulting in a gain of \$24.2 million. This gain was partially offset by \$16.2 million of costs associated with the MillerCoors joint venture which primarily consisted of employee retention costs.

All restructuring liabilities related to the U.S. operating business were assumed by MillerCoors on July 1, 2008.

U.K. Segment

The U.K. segment recognized \$0.9 million and \$1.6 million of employee termination costs in the 2009 and 2008 first quarters, respectively. These related to supply chain restructuring activity and company-wide efforts to increase efficiency in certain finance, information technology and human resource activities by outsourcing portions of those functions. The segment also recognized \$0.5 million of other exit costs in the first quarter of 2008.

The following summarizes the activity in the U.K. segment restructuring accruals:

	Severance and other employee-related costs	
	(In millions)	
Balance at December 28, 2008	\$	2.1
Charges incurred		0.9
Payments made		(1.2)
Foreign currency and other adjustments		(0.1)
Balance at March 29, 2009	\$	1.7

Global Markets and Corporate

During the first quarter of 2008, Global Markets and Corporate recognized costs associated with the formation of MillerCoors of \$5.5 million, consisting primarily of outside professional services related to the planning and integration efforts involved in the start-up of MillerCoors. Additionally, in January 2008 we signed a contract with a third-party service provider to outsource a significant portion of our general and administrative back office functions in all of our operating segments and in our corporate office. This outsourcing initiative is a key component of our Resources for Growth cost reduction program. During the thirteen weeks ended March 29, 2009, and March 30, 2008, we incurred \$0.1 million and \$6.3 million of external transition costs associated with this outsourcing initiative, respectively. Also, in the first quarter of 2009 we incurred \$0.5 million of costs associated with other strategic initiatives. Special items for the first quarter of 2009 include \$0.6 million as a result of adjusting to the floor provided on the exercise price of stock options held by former Coors officers who left the Company under change in control agreements following the merger between Coors and Molson in 2005. This provision in the change in control agreement expires in February 2010.

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****6. OTHER INCOME (EXPENSE), NET**

	Thirteen Weeks Ended	
	March 29, 2009	March 30, 2008
	(In millions)	
Gains on disposals of non-operating long-lived assets	\$	\$ 1.9
Equity income of other unconsolidated affiliates, net	1.6	3.5
Losses from foreign exchange and derivatives	(19.8)	(0.9)
Losses on non-operating leases, net	(0.2)	(0.6)
Other, net	(0.1)	0.7
Other (expense) income, net	\$ (18.5)	\$ 4.6

During the third quarter of 2008, we entered into a cash settled total return swap with Deutsche Bank in order to gain an economic exposure to Foster's Group ("Foster's") (ASX:FGL), a major global brewer (see Note 13 "DERIVATIVE INSTRUMENTS"). Included in the amount presented in the table above in "Losses from foreign exchange and derivatives," is the \$21.4 million net loss recognized on the fair value of the swap during the first quarter of 2009.

7. DISCONTINUED OPERATIONS

In 2006, we sold our equity interest in the entity that comprised our previously-reported Brazil operating segment, Cervejarias Kaiser Brasil S.A. ("Kaiser") to FEMSA Cerveza S.A. de C.V. ("FEMSA"). As discussed in Note 16 "COMMITMENTS AND CONTINGENCIES," we indemnified FEMSA with respect to certain tax contingencies and other liabilities. We have reflected the results of operations, financial position, and cash flows for the former Brazil segment in our financial statements as discontinued operations.

We recognized losses from discontinued operations of \$3.9 million and \$9.0 million in the first quarters of 2009 and 2008, respectively. The losses for the periods presented were associated with changes in estimates of the carrying value of the indemnity related liabilities, foreign exchange gains and losses and accretion expense related to indemnities we provided to FEMSA with regard to contingent tax and other liabilities, which are discussed further in Note 16 "COMMITMENTS AND CONTINGENCIES."

8. INCOME TAXES

Our effective tax rate for the first quarter of 2009 was a tax benefit of approximately (2%). We anticipate that our 2009 full year effective tax rate will be in the range of 16% to 20%. The first quarter of 2009 effective tax rate is lower than our anticipated full year rate primarily due to the favorable resolution of unrecognized tax positions of approximately \$20 million.

Our tax rate is volatile and may fluctuate with changes in, among other things, the amount and source of income or loss, our ability to utilize foreign tax credits, changes in tax laws, and the movement of liabilities established pursuant to FIN 48 for uncertain tax positions as statutes of limitations expire or positions are otherwise effectively settled. There are pending tax law changes in the U.S., U.K. and Canada that, if enacted, may impact our effective tax rate.

Additionally during the first quarter of 2009, the Canada segment established a liability of \$74.3 million related to the company's share of the BRI debt guarantee. See Note 10 "VARIABLE

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

8. INCOME TAXES (Continued)

INTEREST ENTITIES," for further discussion regarding the deconsolidation of BRI. A deferred tax asset was established against this guarantee with a full valuation allowance in the amount of \$10.9 million.

As of December 28, 2008, we had \$229.5 million of unrecognized tax benefits. Since December 28, 2008, unrecognized tax benefits decreased by \$46.6 million. This reduction is net of increases due to additional unrecognized tax benefits and interest accrued for the current year and decreases primarily due to fluctuation in foreign exchange rates, certain tax positions closing or being effectively settled, and payments made to tax authorities with regard to unrecognized tax benefits during the first quarter of 2009. This results in a total unrecognized tax benefit of \$182.9 million as of March 29, 2009. During the remainder of 2009, the Company expects to recognize approximately \$30 to \$40 million of income tax benefit due primarily to the reversal of accrued interest that the Company expects to effectively settle during 2009.

We file income tax returns in most of the federal, state, and provincial jurisdictions in the U.S., U.K., Canada and the Netherlands. Tax years through 2004 are closed or have been effectively settled through examination in the U.S. The Internal Revenue Service has commenced examination of the 2005 to 2008 tax years, and we expect the examination to conclude in late 2009. Tax years through 2004 are closed or have been effectively settled through examination in Canada. Tax year 2005 is currently under examination in Canada and is expected to settle in late 2009. Tax years through 2006 are closed or have been effectively settled through examination in the U.K. Tax years through 2006 are closed or have been effectively settled through examination in the Netherlands.

9. EARNINGS PER SHARE ("EPS")

Basic net income per common share was computed using the weighted average number of shares of common stock outstanding during the period. Diluted net income per share includes the additional dilutive effect of our potentially dilutive securities, which include stock options, SOSARs, RSUs, PSUs and DSUs, calculated using the treasury stock method. For the thirteen weeks ended March 29, 2009, diluted net income per share was not impacted by our convertible debt and related warrants outstanding as they were not in the money as of March 29, 2009.

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The following summarizes the effect of dilutive securities on diluted EPS:

	Thirteen Weeks Ended	
	March 29, 2009	March 30, 2008
	(In millions, except per share amounts)	
Amounts attributable to MCBC		
Income from continuing operations, net of tax	\$ 79.6	\$ 43.3
Loss from discontinued operations, net of tax	(3.9)	(9.0)
Net income attributable to MCBC	\$ 75.7	\$ 34.3
Weighted average shares for basic EPS		
	183.8	181.0
Effect of dilutive securities:		
Stock options, LOSARs and SOSARs	0.8	2.0
RSUs, PSUs and DSUs	0.3	1.5
Weighted average shares for diluted EPS	184.9	184.5
Basic income (loss) per share:		
Continuing operations attributable to MCBC	\$ 0.43	\$ 0.24
Discontinued operations attributable to MCBC	(0.02)	(0.05)
Net income attributable to MCBC	\$ 0.41	\$ 0.19
Diluted income (loss) per share:		
Continuing operations attributable to MCBC	\$ 0.43	\$ 0.24
Discontinued operations attributable to MCBC	(0.02)	(0.05)
Net income attributable to MCBC	\$ 0.41	\$ 0.19
Dividends per share	\$ 0.20	\$ 0.16

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****9. EARNINGS PER SHARE ("EPS") (Continued)**

The following anti-dilutive securities were excluded from the computation of the effect of dilutive securities on earnings per share for the following periods:

	Thirteen Weeks Ended	
	March 29, 2009	March 30, 2008
	(In millions, except per share amounts)	
Stock options, SOSARs and RSUs(1)	0.5	0.2
Shares issuable upon assumed conversion of the 2.5% Convertible Senior Notes to issue Class B common shares(2)	10.5	10.5
Warrants to issue Class B common shares(2)	10.5	10.5
	21.5	21.2

(1)

Exercise prices exceed the average market price of the common shares or are anti-dilutive due to the impact of the unrecognized compensation cost on the calculation of assumed proceeds in the application of the treasury stock method.

(2)

We issued \$575 million of senior convertible notes in June 2007. The impact of a net share settlement of the conversion amount at maturity will begin to dilute earnings per share when our stock price reaches \$54.76. The impact of stock that could be issued to settle share obligations we could have under the warrants we issued simultaneously with the convertible notes issuance will begin to dilute earnings per share when our stock price reaches \$70.09. The potential receipt of MCBC stock from counterparties under our purchased call options when and if our stock price is between \$54.76 and \$70.09 would be anti-dilutive and excluded from any calculations of earnings per share.

Effective December 29, 2008, we adopted FASB Staff Position No. EITF 03-6-1, "*Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities*," ("FSP EITF 03-6-1"). FSP EITF 03-6-1 clarifies that share-based payment awards that entitle their holders to receive non-forfeitable dividends prior to vesting should be considered participating securities. We have no outstanding equity share awards that contain non-forfeitable rights to dividends on unvested shares; therefore the adoption had no impact to our financial statements or earnings per share calculation.

10. VARIABLE INTEREST ENTITIES***Brewers' Retail Inc.***

Brewers' Retail, Inc. (BRI) is a beer distribution and retail network for the Ontario region of Canada, owned by Molson, Labatt and Sleeman brewers. BRI is a variable interest entity, and operates on a break-even basis. MCBC has historically consolidated BRI as its primary beneficiary. Contractual provisions cause our variable interests to fluctuate requiring frequent evaluations as to primary beneficiary status. Another owner's acquisition of a different brewer has caused our variable interests to decrease to a level indicating that we are no longer the primary beneficiary. As a result, we deconsolidated BRI from our financial statements during the first quarter of 2009.

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****10. VARIABLE INTEREST ENTITIES (Continued)**

Our deconsolidation resulted from a change in variable interests that fluctuate between the variable interest holders based on market and business circumstances, so there were no proceeds from the sale of subsidiary stock or assets. BRI's liabilities exceeded its assets at the date of deconsolidation (negative book value), by \$90.3 million. We recorded a liability of \$74.3 million associated with the recognition of the fair value of our proportionate share of the guarantee we maintain with regard to BRI's debt obligations. Because we have an obligation to proportionately fund BRI's obligations, the remaining difference between net carrying value and the fair value of our retained equity interest in BRI was recorded as an adjustment to our BRI investment, effectively resulting in a negative equity method basis.

11. GOODWILL AND OTHER INTANGIBLES

The following summarizes the change in goodwill for the thirteen weeks ended March 29, 2009 (in millions):

Balance at December 28, 2008	\$ 1,298.0
Foreign currency translation	(21.8)
Balance at March 29, 2009	\$ 1,276.2

The following summarizes goodwill allocated between our reportable segments as follows:

	March 29, 2009	As of December 28, 2008
Canada	\$ 604.9	\$ 614.8
United Kingdom	671.3	683.2
Consolidated	\$ 1,276.2	\$ 1,298.0

The following table presents details of our intangible assets, other than goodwill, as of March 29, 2009:

	Useful life (Years)	Gross	Accumulated amortization (In millions)	Net
Intangible assets subject to amortization:				
Brands	3 - 35	\$ 243.1	\$ (110.4)	\$ 132.7
Distribution rights	2 - 23	284.3	(151.5)	132.8
Patents and technology and distribution channels	3 - 10	25.4	(17.9)	7.5
Intangible assets not subject to amortization:				
Brands	Indefinite	2,747.2		2,747.2
Distribution networks	Indefinite	814.4		814.4
Other	Indefinite	15.5		15.5
Total		\$4,129.9	\$ (279.8)	\$3,850.1

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****11. GOODWILL AND OTHER INTANGIBLES (Continued)**

The following table presents details of our intangible assets, other than goodwill, as of December 28, 2008:

	Useful life (Years)	Gross	Accumulated amortization (In millions)	Net
Intangible assets subject to amortization:				
Brands	3 - 35	\$ 247.1	\$ (107.9)	\$ 139.2
Distribution rights	2 - 23	289.0	(149.4)	139.6
Patents and technology and distribution channels	3 - 10	25.8	(17.6)	8.2
Intangible assets not subject to amortization:				
Brands	Indefinite	2,790.8		2,790.8
Distribution networks	Indefinite	827.9		827.9
Other	Indefinite	17.7		17.7
Total		\$4,198.3	\$ (274.9)	\$3,923.4

The incremental change in the gross carrying amounts of intangibles from December 28, 2008 to March 29, 2009, is due to the impact of foreign exchange rates, as a significant amount of intangibles are denominated in foreign currencies.

Based on foreign exchange rates as of March 29, 2009, the estimated future amortization expense of finite-lived intangible assets is as follows for the next five years:

	Amount (In millions)
2009 - remaining	\$ 27.3
2010	\$ 36.4
2011	\$ 35.3
2012	\$ 24.8
2013	\$ 24.4

Amortization expense of intangible assets was \$9.3 million and \$11.5 million for the thirteen weeks ended March 29, 2009 and March 30, 2008, respectively.

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****12. DEBT AND OTHER CREDIT ARRANGEMENTS**

	March 29, 2009	As of December 28, 2008
	(In millions)	
Senior notes:		
U.S. \$45.5 million 6.375% due 2012	\$ 45.5	\$ 45.5
U.S. \$300 million 4.85% due 2010	300.0	300.0
CAD \$900 million 5% due 2015	723.4	735.3
U.S. \$575 million Convertible debt 2.5% due 2013(1)	499.4	495.3
Other notes payable issued by:		
BRI joint venture CAD \$220 million 7.5% due 2011(2)		176.0
Total long-term debt (including current portion)	1,568.3	1,752.1
Less: current portion of long-term debt	(0.1)	(0.1)
Total long-term debt	\$ 1,568.2	\$ 1,752.0

(1) See Note 1 "BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES," for further discussion regarding adoption of FSP APB 14-1.

(2) In the first quarter of 2009, we deconsolidated BRI and now use equity method accounting regarding this entity, refer to Note 10 "VARIABLE INTEREST ENTITIES," for further discussion.

We maintained a \$500 million commercial paper program through 2008 and in prior years. We had not borrowed under that program since 2006. In consideration of the costs to maintain the program, as well as the relatively high interest costs that would be incurred should we borrow under the program given our credit rating and the current financial credit market conditions, we closed our commercial paper program in February 2009.

13. DERIVATIVE INSTRUMENTS*Overview and Risk Management Policies*

As a part of our ongoing business operations, we are exposed to fluctuations in interest rates, foreign currency exchange rates, commodity prices and production and packaging materials costs. We have established policies and procedures that govern the risk management of these exposures. As a part of our overall risk management strategy, we use derivatives in the normal course of business to manage our exposure to fluctuations in certain commodities, production inputs, packaging material prices, interest rates, foreign currency exchange rates, and for the other strategic purposes related to our core business.

Our objective in managing these exposures is to decrease the volatility of our earnings and cash flows affected by changes in the underlying rates and prices. To achieve this objective, we enter into a variety of financial derivatives, including foreign currency forward contracts, commodity swaps, commodity forward contracts, interest rate swaps, and cross currency swaps, the values of which change in the opposite direction of the anticipated future cash flows. By policy, all of our financial derivatives are over-the-counter ("OTC") swap agreements entered into with highly-rated financial institutions.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

13. DERIVATIVE INSTRUMENTS (Continued)

We also enter into physical hedging agreements directly with our suppliers, as a part of our risk management strategy, as an added instrument to manage our exposure to certain commodities. We have concluded that some of these contracts are derivatives and have elected the 'Normal Purchase Normal Sales' ("NPNS") exemption on certain of these physical hedging derivative contracts (see below for additional information).

In addition to entering into derivatives as a part of our risk management strategy, we occasionally transact derivatives for other strategic purposes. At the end of March 29, 2009, we held cash settled total return swaps, which were transacted for other strategic purposes.

Counterparty Risk

While, by policy, the counterparties for any of the financial derivatives we enter into are major financial institutions with investment grade credit ratings of at least A- (Standard & Poor's), A3 (Moody's) or better, we are exposed to credit-related losses in the event of non-performance by counterparties. This credit risk is generally limited to the unrealized gains in such contracts should any of these counterparties fail to perform as contracted.

To manage this risk, we have established counterparty credit policy and guidelines that are monitored and reported to management according to prescribed guidelines. We utilize a portfolio of financial institutions either headquartered or operating in the same countries we conduct our business. In calculating the fair value of our derivative balances, we also record an adjustment to recognize the risk of counterparty credit and MCBC non-performance risk. See 'Derivative Accounting Policies' section below for additional information.

Derivative Accounting Policies

Overview

The majority of all derivative contracts entered into by the Company qualify for, and are designated as cash flow hedges, in accordance with the Statement of Financial Accounting Standards 133, "Accounting for Derivative Instruments and Hedging Activities", as amended and interpreted, incorporating FASB Statements 137, 138 and 149 ("SFAS 133").

We have also elected the normal purchase normal sales ("NPNS") exemption for certain contracts, which require physical delivery of commodities. These contracts are typically transacted with our suppliers and include risk management features that allow us to fix the price on specific volumes of purchases for specified delivery months. As these contracts have been elected as NPNS, they are not carried on the balance sheet at fair value.

The Company also considers whether any provisions in our contracts represent "embedded" derivative instruments as described in SFAS 133. As of March 29, 2009, we have concluded that no "embedded" derivative instruments warrant separate fair value accounting under SFAS 133.

Hedge Accounting Policies

We formally document all relationships between hedging instruments and hedged items, as well as the risk-management objective and strategy for undertaking hedge transactions. This process includes linking all derivatives either to specific assets and liabilities on the balance sheet or specific firm

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

13. DERIVATIVE INSTRUMENTS (Continued)

commitments or forecasted transactions. We also formally assess both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions have been highly effective in offsetting changes in the cash flows of hedged items and whether those derivatives may be expected to remain highly effective in future periods. When it is determined that a derivative is not, or has ceased to be, highly effective as a hedge, we discontinue hedge accounting prospectively, as discussed below.

We discontinue hedge accounting prospectively, as per SFAS 133, when (1) the derivative is no longer highly effective in offsetting changes in the cash flows of a forecasted future transaction; (2) the derivative expires or is sold, terminated, or exercised; (3) it is no longer probable that the forecasted transaction will occur; (4) management determines that designating the derivative as a hedging instrument is no longer appropriate; or (5) management decides to cease hedge accounting.

When we discontinue hedge accounting prospectively, but it continues to be probable that the forecasted transaction will occur in the originally expected period, the existing gain or loss on the derivative remains in accumulated other comprehensive income and is reclassified into earnings when the forecasted transaction affects earnings. However, if it is no longer probable that a forecasted transaction will occur by the end of the originally specified time period or within an additional two-month period of time thereafter, the gains and losses accumulated in other comprehensive income are recognized immediately in earnings. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we carry the derivative at its fair value on the balance sheet until maturity, recognizing future changes in the fair value in current period earnings. Any hedge ineffectiveness, as per SFAS 133, is recorded in current period earnings.

Presentation

Derivatives are recognized on the balance sheet at their fair value. See our discussion regarding fair value measurements in Note 14 "FAIR VALUE MEASUREMENTS." The fair values of our derivatives include credit risk adjustments to account for counterparties' credit risk as well as MCBC's non-performance risk. These adjustments resulted in a \$5 million increase as of March 29, 2009 to other comprehensive income, as the fair value of these derivatives was in a net liability position. This represents a \$2 million net decrease year to date, as these adjustments resulted in a \$7 million increase to other comprehensive income as of December 28, 2008.

In accordance with SFAS 133, we do not record the fair value of derivatives for which we have elected the NPNS election. We account for these contracts on an accrual basis, recording realized settlements related to these contracts to the same financial statement line items as the corresponding transaction.

For derivative contracts recorded on the balance sheet, MCBC allocates the current and non-current portion of each contract's fair value to the appropriate asset/liability line item. Unrealized gain positions are recorded as other current assets or other non-current assets. Unrealized loss positions are recorded as other current liabilities or other non-current liabilities. Our policy is to present all derivative balances on a gross basis, without regard to counterparty master netting agreements or similar arrangements.

We record realized gains and losses from derivative instruments to the same financial statement line item as the hedged item/forecasted transaction. Changes in unrealized gains and losses for

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

13. DERIVATIVE INSTRUMENTS (Continued)

derivatives not designated as either a cash flow hedge or fair value hedge are recorded directly in earnings each period and are recorded to the same financial statement line item as the associated realized (cash settled) gains and losses.

Changes in fair values (to the extent of hedge effectiveness) of outstanding cash flow hedges are recorded in other comprehensive income, until earnings are affected by the variability of cash flows of the underlying hedged transaction. In most cases amounts recorded in other comprehensive income will be released to earnings at maturity of the related derivative. The recognition of effective hedge results in the consolidated statement of income offsets the gains or losses on the underlying exposure. Any ineffectiveness is recorded directly into earnings each period.

Significant Derivative/Hedge Positions

Cross Currency Swaps

Simultaneous with the September 22, 2005, U.S. private placement, we entered into a cross currency swap transaction for the entire USD \$300.0 million issue amount and for the same maturity. In this transaction we exchanged USD \$300 million for a CAD \$355.5 million obligation with a third party. The swaps also call for an exchange of fixed CAD interest payments for fixed USD interest receipts. There was an exchange of principal at the inception of this transaction, and there will be a subsequent exchange of principal at the termination of the transaction. We have designated this transaction as a hedge of the variability of the cash flows associated with the payment of interest and principal on the USD securities. Consistent with FAS 133 accounting, all changes in the value of the transaction due to foreign exchange will be recorded in earnings and will be offset by a revaluation of the associated debt instrument. Changes in the value of the transaction due to interest rates will be recorded to other comprehensive income.

On April 10, 2007, we entered into several cross currency swaps to hedge the foreign currency impact of inter-company GBP debt in a CAD functional currency subsidiary. The cross currency swaps are designated as cash flow hedges of forecasted CAD cash flows related to GBP interest and principal payments on the inter-company loans that may fluctuate or be uncertain due to changes in the GBP to CAD exchange rate. The notional amount of the swaps is GBP £530 million (CAD \$1.2 billion at the date of entering the transaction). The swaps also call for an exchange of fixed GBP interest receipts for fixed CAD interest payments. The cross currency swaps have been designated as cash flow hedges of the changes in value of the future CAD interest and principal payments that results from changes in the GBP to CAD exchange rates on an intercompany loan between our U.K. subsidiary and U.S. subsidiary.

As of March 29, 2009, we are a party to other cross currency swaps totaling GBP £530 million (USD \$774 million at the date of entering the transaction). The swaps included an initial exchange of principal and will require final principal exchange in May 2012. The swaps call for an exchange of fixed GBP interest payments for fixed USD interest receipts. At the initial principal exchange, we paid USD to our counterparty and received GBP. Upon final exchange, we will provide GBP to the counterparty and receive USD. The cross currency swaps have been designated as cash flow hedges of the changes in value of the future GBP interest and principal receipts that results from changes in the USD to GBP exchange rates on an intercompany loan between our U.K. subsidiary and U.S. subsidiary.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

13. DERIVATIVE INSTRUMENTS (Continued)

Foreign Currency Forwards

As of period end, we had financial foreign exchange forward contracts in place to manage our exposure to foreign currency fluctuations. We hedge foreign currency exposure related to certain royalty agreements and exposure associated with the purchase of production inputs and imports that are denominated in currencies other than the functional entity's local currency. MCBC uses foreign currency forward contracts to hedge these future forecasted transactions up to thirty-six months forward.

Commodity Swaps

As of period end, we had financial commodity swap contracts in place to hedge certain future expected purchases of natural gas. Essentially, these contracts allow us to swap our floating exposure to natural gas prices for a fixed rate. The contracts have been designated as cash flow hedges of these forecasted transactions, a portion of our Canadian natural gas purchases. The fair value of these swaps depends upon the market rates in relation to our hedge rate at period end. MCBC uses these swaps to hedge forecasted purchases up to twenty four months out.

We also have a forward purchase contract for diesel in place. This contract allows us to manage our exposure to diesel prices for purchases for one of our breweries through December 2009. We have not applied hedge accounting to this contract. As such, all unrealized gains and losses related to this contract are recorded directly to the income statement, classified in Cost of goods sold.

Total Return Swaps

In 2008, we entered into a series of cash settled total return swaps. We transacted these swaps for the purpose of gaining exposure to Foster's, a major global brewer. MCBC is not applying hedge accounting to these swaps, which are, therefore, marked-to-market each period. All unrealized gains and losses related to these swaps are recorded directly to the income statement and are classified in Other Income (Expense) in the Global Markets and Corporate segment. As of March 29, 2009, these total return swaps are all scheduled to mature within the year.

Liquidity Risk

Given that the fair value of our derivative instruments are based upon market rates and prices and that the volatility of these rates and prices are dependent on many factors that cannot be forecast with reliable accuracy, we are exposed to liquidity risks related to these contracts. We cash settle the fair value of each contract upon settlement with our counterparties. The settlement values of our contracts could differ significantly from the current fair values. As such, we are exposed to liquidity risk related to unfavorable changes in the fair value of our derivative contracts.

We may be forced to cash settle all or a portion of our derivative contracts before the expected settlement date upon occurrence of certain contractual triggers including a change of control termination event, a default event including a downgrade to "below investment" grade by Moody's and Standard and Poor's, or other breach of agreement event. This could have a negative impact on our cash position. For derivative contracts that we have designated as hedging instruments, early cash settlement would result in the timing of our hedge settlement not being matched to the cash settlement of the forecasted transaction or firm commitment. We may also decide to cash settle all or a portion of

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

13. DERIVATIVE INSTRUMENTS (Continued)

our derivative contracts before the expected settlement date through negotiations with our counterparties, which could also potentially impact our liquidity.

Due to the nature of agreements with our counterparties, we are not allowed to net positions with the same counterparty across business units. Thus, in the event of default, we may be required to early settle all out-of-the-money contracts at fair value, without the benefit of netting the fair value of any in-the-money positions against this exposure.

Collateral

For the majority of our derivative transactions, the company does not receive and is not required to post collateral unless a change of control event has occurred. This termination event would give either party the right to early-terminate all outstanding swap transactions in the event that the other party consolidates, merges with, or transfers all or substantially all its assets to, another entity, and the creditworthiness of the surviving entity that has assumed such party's obligations is "materially weaker" than that of such party.

We may be required to post collateral with the counterparty if our total return swaps are in an out-of-the-money position. If our credit ratings with Standard & Poor's and Moody's with regard to our long-term debt remain at an investment grade level, we are required to post collateral for the portion of the out-of-the-money liability exceeding a pre-established threshold. If our credit ratings fall below investment grade with either ratings service, we must post collateral for the entire out-of-the-money liability. As of March 29, 2009, we have posted \$3 million as collateral to our counterparty.

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The tables below include the year to date results of our derivative activity in the Condensed Consolidated Balance Sheet and Condensed Consolidated Statement of Operations as of and for the thirteen weeks ended March 29, 2009.

Fair Value of Derivative Instruments in the Condensed Consolidated Balance Sheet

As of March 29, 2009					
	Notional Amount	Asset Derivatives		Liability Derivatives	
		Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
(In millions)					
Derivatives designated as hedging instruments					
Cross Currency Swaps	USD 1,818.0	Other Current Assets	\$ 2.4	Accrued Expenses	\$ (1.7)
		Other Assets	43.7	Derivative Hedging Instruments (non-current)	(226.5)
Foreign Currency Forwards	USD 316.5	Other Current Assets	30.5	Accrued Expenses	
		Other Assets	19.1	Derivative Hedging Instruments (non-current)	(0.1)
Commodity Swaps (Gigajoules)	0.9	Other Current Assets		Accrued Expenses	(2.3)
		Other Assets		Derivative Hedging Instruments (non-current)	(0.3)
Total derivatives designated as hedging instruments under SFAS 133			\$ 95.7		\$ (230.9)
Derivatives not designated as hedging instruments					
Physical Commodity Contracts (Liters)	2.3	Other Current Assets	\$	Accrued Expenses	\$ (0.4)
Total Return Swap	AUD 496.5	Other Current Assets		Accrued Expenses	(26.2)
Total derivatives not designated as hedging instruments under SFAS 133			\$		\$ (26.6)

MCBC allocates the current and non-current portion of each contract to the corresponding derivative account above.

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As of March 29, 2009					
Derivatives in SFAS 133 Cash Flow Hedge Relationships	Amount of Gain/(Loss) Recognized in OCI on Derivative (Effective Portion)	Location of Gain/(Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain(Loss) Recognized from AOCI on Derivative (Effective Portion)	Location of Gain/(Loss) Recognized in Income on Derivative (Ineffective Portion) and Amount Excluded from Effectiveness Testing)	Amount of Gain/(Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
(In millions)					
Cross Currency Contracts	\$ (5.9)	Other Income (Expense), net	\$ 18.7	Other Income/Expense, net	\$
		Interest Expense, net	(0.2)	Interest Expense, net	
Foreign Currency Forwards	(2.2)	Other Income (Expense), net	2.7	Other Income/Expense, net	
		Cost of goods sold	5.3	Cost of goods sold	
Commodity Swaps	(1.0)	Cost of goods sold	(0.7)	Cost of goods sold	
TOTAL	\$ (9.1)		\$ 25.8		\$

Note: Amounts recognized in AOCI are gross of taxes

We use cross currency swaps to manage our foreign currency and interest rate exposures for certain intercompany loans and certain external debt issuances. The foreign exchange (gain)/loss component of these cross currency swaps offsets the corresponding (gain)/loss on hedged forecasted transactions in Other (Income)/Expense. The interest (gain)/loss component of these cross currency swaps offset the corresponding (gain)/loss on hedged forecasted transactions in Interest (Income)/Expense.

As of period end, we had two types of cross currency swaps: (1) cross currency swaps hedging intercompany loans, and (2) cross currency swaps hedging external debt issuances. For our cross currency swaps hedging our intercompany loans, we have recorded a \$3.0 million loss into Other Comprehensive Income ("OCI"), recognized a gain in earnings from Accumulated Other Comprehensive Income ("AOCI") into the Other (Income)/Expense of \$13.9 million and recognized a loss in earnings from AOCI into Interest Expense of \$0.2 million. For our cross currency swaps hedging our USD issued securities, during the period we have recorded a \$2.9 million loss into OCI and recognized a gain in earnings from AOCI into Other (Income)/Expense of \$4.8 million.

We use foreign currency forwards to hedge our foreign currency exposure related to certain royalty agreements and our exposure associated with the purchase of production inputs and imports that are denominated in currencies other than the functional entity's local currency. The foreign exchange (gain)/loss component of foreign exchange forward contracts hedging the exposure related to our royalty agreements offsets the corresponding (gain)/loss on hedged forecasted transaction in Other (Income)/Expense. For these foreign currency forwards, we recognized a

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\$0.3 million loss in OCI and recognized a \$2.7 million gain from AOCI into earnings in Other (Income)/Expense during the period.

The foreign exchange (gain)/loss component of foreign currency forward contracts hedging the exposure to production inputs and imports offsets the corresponding (gain)/loss on hedged forecasted

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transactions in cost of goods sold. We also recognized a \$1.9 million loss in OCI and recognized a \$5.3 million gain from AOCI into earnings in cost of goods sold during the period on our foreign currency forwards related to the production inputs imports foreign currency exposure.

All of our commodity swaps are financial natural gas swaps that we use to hedge our expected forecasted purchase of natural gas. We recorded a \$1.0 million loss related to these hedges into OCI during the first quarter of 2009. During this time we also reclassified a \$0.7 million loss related to these hedges into our Condensed Statement of Operations in cost of goods sold.

During the period we recorded no significant ineffectiveness related to these cash flow hedges.

Other Derivatives

	As of March 29, 2009	
	(In millions)	
Derivatives Not In SFAS 133 Hedging Relationship	Location of Gain /(Loss) Recognized in	Amount of Gain /(Loss) Recognized in
	Income on Derivative	Income on Derivative
Cash settled total return swap	Other Income (Expense), net	\$ (21.4)
Physical commodity contracts	Cost of goods sold	(0.8)
		\$ (22.2)

14. FAIR VALUE MEASUREMENTS***SFAS No. 157 "Fair Value Measurements"***

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*," ("SFAS 157") which was, in part, effective for us beginning in fiscal year 2008. This statement defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. The statement indicates, among other things, that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Subsequent to the issuance of SFAS 157, the FASB issued FASB Staff Positions 157-1, "*Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13*" ("FSP FAS 157-1") and FSP FAS 157-2 "*Effective Date of FASB Statement No. 157*," ("FSP FAS 157-2"). FSP FAS 157-1 excludes, in certain circumstances, SFAS 13 and other accounting pronouncements that address fair value measurements for purposes of lease classification or measurement under Statement 13 from the provision of SFAS 157. FSP FAS 157-2 delayed the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. For the instruments subject to the effective date delay under FSP FAS 157-2, we adopted the fair value provisions in this first quarter of 2009.

In October 2008, the FASB issued FSP FAS 157-3, "*Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active*." This FSP clarifies the application of SFAS No. 157 in a market that is not active and applies to financial assets within the scope of accounting pronouncements that require or permit fair value measurements in accordance with SFAS No. 157. The FSP is effective

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

14. FAIR VALUE MEASUREMENTS (Continued)

upon issuance, including prior periods for which financial statements have not been issued. Accordingly, we adopted this guidance effective September 28, 2008. Our adoption of this guidance did not have a material effect on our consolidated financial position or results of operations.

The table below summarizes our assets and liabilities that were measured at fair value as of March 29, 2009. Derivative liabilities are financial instruments measured at fair value on a recurring basis, and the principles of SFAS 157 were applied to their balances during the first phase of adoption in 2008.

The guarantees related to indemnity obligation incurred upon the sale of the Kaiser business in Brazil to FEMSA are discussed in more detail in Note 16 "COMMITMENTS AND CONTINGENCIES." Certain of those indemnity obligations are considered to be probable losses and are carried at the best estimate of the loss (\$64.1 million as of March 29, 2009), as opposed to fair value. The remainder of the Kaiser indemnity obligations (\$70.9 million as of March 29, 2009) are less than probable and the reserve is an estimate of the fair value of our obligation to stand ready to perform under the guarantees. It is these fair value reserves that are shown below as utilizing Level 3 inputs.

The guarantee related to BRI's debt obligation was recorded during the first quarter of 2009 upon the deconsolidation of and initiation of equity method accounting for BRI. See Note 10 "VARIABLE INTEREST ENTITIES," for a discussion of the deconsolidation of BRI and associated fair value measurements.

SFAS 157 establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). We utilize a combination of market and income approaches to value derivative instruments, and use an income approach for valuing our indemnity obligations. Our financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels of the hierarchy are as follows:

Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Level 2 Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are less active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability. We develop these inputs based on the best information available, including our own data.

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The following presents our assets and liabilities that are measured at fair value based on a recurring basis:

	Total carrying value at March 29, 2009	Fair Value Measurements at March 29, 2009 Using		
		Quoted prices in active markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In millions)				
Derivatives liabilities, net	\$ (161.8)	\$	\$ (164.3)	\$ 2.5
Guarantee Kaiser indemnity obligation(1)	(70.9)			(70.9)
Guarantee BRI debt obligations(1)	(74.3)			(74.3)
Equity investment BRI(1)	(16.0)			(16.0)
Total	\$ (323.0)	\$	\$ (164.3)	\$ (158.7)

(1) Non-financial assets and liabilities for which the fair value provisions were applied during the first quarter of 2009.

See Note 7 "DISCONTINUED OPERATIONS," and Note 16 "COMMITMENTS AND CONTINGENCIES," for further discussion related to Kaiser indemnity obligations and Note 10 "VARIABLE INTEREST ENTITIES," for further discussion related to BRI.

The table below summarizes items that are valued using significant unobservable inputs (Level 3) (in millions):

	Derivative liabilities, net	Guarantees Kaiser Indemnities	Guarantee Debt Obligation	Equity Investment BRI	Total Unobservable Inputs (Level 3)
Balance at December 28, 2008	\$ 10.5	\$ (79.5)	\$	\$	\$ (69.0)
Total gains or losses (realized/unrealized)					
Included in earnings (or change in net assets)		7.2	(74.3)	(16.0)	(83.1)
Included in AOCI		1.4			1.4
Purchases, issuances and settlements					
Transfers in/out of Level 3	(8.0)				(8.0)
Balance at March 29, 2009	\$ 2.5	\$ (70.9)	\$ (74.3)	(16.0)	\$ (158.7)

In 2009 and in accordance with FSP 157-2, we are adopting the fair value provisions for those non-financial assets and liabilities that are measured at fair value on a nonrecurring basis. Based on our evaluation of this statement, the adoption of FSP 157-2, did not have a significant impact on the determination or reporting of our financial results.

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Following is a list of assets and liabilities that utilize fair value measurements for which, the provisions of SFAS 157 will be applied during 2009:

Reporting units, including Canada, U.S. and U.K., measured at fair value in the first step of our annual goodwill impairment testing, normally completed during the third fiscal quarter,

Indefinite-lived intangible assets measured at fair value in our annual impairment testing, normally completed during the third fiscal quarter,

Other long-lived assets held for sale and carried at fair value less costs to sell,

Asset retirement obligations, and

Liabilities associated with restructuring or other exit activities.

15. EMPLOYEE RETIREMENT AND POST-EMPLOYMENT PLANS

We offer defined benefit retirement plans in Canada, the United Kingdom and the United States. Additionally, we offer other postretirement benefits to the majority of our Canadian and U.S. employees. On July 1, 2008, substantially all of the defined benefit and other postretirement benefit plans, post-employment benefit obligations and related plan assets in the United States were transferred to MillerCoors.

The net periodic pension costs under retirement plans and other postretirement benefits were as follows:

	Thirteen Weeks Ended March 29, 2009			
	Canada plans	U.S. plans	U.K. plan	Consolidated
	(In millions)			
Defined Benefit Plans				
Service cost	\$ 4.5	\$	\$ 1.1	\$ 5.6
Interest cost	19.6	0.1	24.7	44.4
Expected return on plan assets	(19.1)		(28.1)	(47.2)
Amortization of prior service cost	0.4			0.4
Amortization of net actuarial loss	0.1	0.2		0.3
Less expected participant contributions	(0.4)		(0.1)	(0.5)
Curtailement loss	5.3			5.3
Net periodic pension cost (benefit)	\$ 10.4	\$ 0.3	\$ (2.4)	\$ 8.3
Other Postretirement Benefits				
Service cost benefits earned during the period	\$ 1.2	\$	\$	\$ 1.2
Interest cost on projected benefit obligation	2.7	0.1		2.8
Amortization of prior service benefit	(0.4)			(0.4)

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Amortization of net actuarial gain		(0.2)			(0.2)
Net periodic postretirement benefit cost	\$	3.3	\$	0.1	\$ 3.4

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	Thirteen Weeks Ended March 30, 2008			
	Canada plans	U.S. plans	U.K. plan	Consolidated
	(In millions)			
Defined Benefit Plans				
Service cost	\$ 8.4	\$ 4.2	\$ 7.0	\$ 19.6
Interest cost	24.6	14.9	33.9	73.4
Expected return on plan assets	(31.3)	(17.5)	(39.8)	(88.6)
Administrative expenses	0.6	0.3	1.3	2.2
Amortization of prior service cost (benefit)	0.3	(0.1)	(0.5)	(0.3)
Amortization of net actuarial loss		2.0	0.3	2.3
Less expected participant contributions	(0.7)		(1.2)	(1.9)
Net periodic pension cost	\$ 1.9	\$ 3.8	\$ 1.0	\$ 6.7
Other Postretirement Benefits				
Service cost benefits earned during the period	\$ 2.5	\$ 0.6	\$	\$ 3.1
Interest cost on projected benefit obligation	4.1	2.4		6.5
Amortization of prior service cost		0.1		0.1
Amortization of net actuarial loss	0.1	1.0		1.1
Net periodic postretirement benefit cost	\$ 6.7	\$ 4.1	\$	\$ 10.8

During the first quarter of 2009, our Canada segment finalized a plan to reduce headcount at our brewery in Montreal, and the final plan was agreed to with the employee labor union. The reduction in workforce stemmed from MillerCoors' decision to brew and package *Blue Moon* products at its facilities in the U.S. This workforce reduction resulted in a curtailment of pension benefits during the first quarter of 2009. The plan remeasurement resulted in a decrease to projected benefit obligations of \$2.6 million, reflected as an increase to other comprehensive income. The curtailment of pension benefits resulted in an increase to the projected benefit obligation of \$5.3 million, reflected as a curtailment loss on the income statement, classified in Special Items, net.

Also during the first quarter of 2009, our Canada segment decided to reduce certain postretirement benefits, specifically benefits entitling retirees to free product. The combined impact to the projected benefit obligation of the benefit reduction and the plan remeasurement was a decrease of \$15.3 million all of which was applied as an increase to other comprehensive income. This prior service benefit will be amortized as a reduction to postretirement benefit expense over approximately six years.

See Note 10 "VARIABLE INTEREST ENTITIES" for a discussion of the deconsolidation of BRI during the first quarter of 2009, which reduced the carrying values of pension and postretirement benefits on the condensed consolidated balance sheet.

During the first quarter of 2009, employer contributions paid to the defined benefit plans were \$13.8 million and \$5.5 million for Canada and U.K. plans, respectively. Expected total fiscal year 2009 employer contributions to Canada, U.S. and U.K. defined benefits plans are approximately \$58 million.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

16. COMMITMENTS AND CONTINGENCIES

Kaiser Indemnity Obligations

As discussed in Note 7 "DISCONTINUED OPERATIONS," we sold our entire equity interest in Kaiser during 2006 to FEMSA. The terms of the sale agreement require us to indemnify FEMSA for certain exposures related to tax, civil and labor contingencies arising prior to FEMSA's purchase of Kaiser.

We provided a full indemnity for any losses Kaiser may incur, including legal fees and other costs, with respect to tax claims associated with certain purchased tax credits, which are generally classified into two categories. The maximum potential claims amount for the first category, including estimated accumulated legal penalties and interest, was \$321.2 million as of March 29, 2009. A portion of these indemnity obligations are considered probable losses recorded as current and non-current liabilities in amounts of \$7.5 million and \$54.3 million, respectively. Additionally, our estimate of the fair value of the indemnity liability associated with this balance of this group of purchased tax credits recorded as of March 29, 2009 was \$52.6 million, \$3.6 million of which was classified as a current liability and \$49.0 million of which was classified as non-current. The maximum potential claims amount for the second category of purchased tax credits, which we believe present far less risk, was \$193.2 million as of March 29, 2009. This category generally consists of cases in which Kaiser has received favorable rulings, but continues to manage formalities of the Brazilian legal system to bring such rulings to their final conclusion. We have recorded a fair value estimate of the indemnity liability associated with this second group of purchased tax credits in an amount of \$7.9 million as of March 29, 2009, classified as non-current. Our fair value estimates consider a number of scenarios for the ultimate resolution of these issues, the probabilities of which are influenced not only by legal developments in Brazil but also by management's intentions with regard to various alternatives that could present themselves leading to the ultimate resolution of these issues. Our indemnity obligations related to previously purchased tax credits increased by \$1.5 million during the first quarter of 2009, primarily due to changes in estimates regarding amounts that could be paid, the timing of such payments and adjustments to the probabilities assigned to various scenarios.

We also provided indemnity related to all other tax, civil and labor contingencies existing as of the date of sale. In this regard, however, FEMSA assumed their full share of all of these contingent liabilities that had been previously recorded or disclosed by us prior to the sale on January 13, 2006. However, we may have to provide indemnity to FEMSA if those contingencies settle at amounts greater than those amounts previously recorded or disclosed by us. We will be able to offset any indemnity exposures in these circumstances with amounts that settle favorably to amounts previously recorded. Our exposure related to these indemnity claims is capped at the amount of the sales price of our 68% equity interest of Kaiser, which was \$68 million. As a result of these contract provisions, our fair value estimates include not only probability weighted potential cash outflows associated with indemnity provisions, but also probability weighted cash inflows that could result from favorable settlements resulting from negotiation or settlement programs that might arise from the federal or state governments in Brazil. A portion of these indemnity obligations are considered probable losses, recorded as current liabilities in an amount of \$2.3 million as of March 29, 2009. The recorded fair value of the total tax, civil and labor indemnity liability was \$10.4 million as of March 29, 2009, \$2.6 million of which is classified as a current liability and \$7.8 million of which is classified as

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****16. COMMITMENTS AND CONTINGENCIES (Continued)**

non-current. These liabilities increased by \$0.3 million during the first quarter of 2009. The table below presents the change in all other tax, civil, and labor contingencies for the first quarter of 2009.

Future settlement procedures and related negotiation activities associated with these contingencies are largely outside of our control and will be handled by FEMSA. Indemnity obligations related to purchased tax credits must be paid by us upon notification of FEMSA's settlement with local jurisdictions. Due to the uncertainty involved with the ultimate outcome and timing of these contingencies, significant adjustments to the carrying values of the indemnity obligations have resulted in the past and could result in the future. These liabilities are denominated in Brazilian reais and have been stated at present value and will, therefore, be subject in the future to foreign exchange gains or losses and to accretion cost, both of which will be recognized in the discontinued operations section of the statement of operations.

The table below provides a summary of reserves associated with the Kaiser indemnity obligations from December 28, 2008, through March 29, 2009:

	Indemnity Obligations		
	Purchased tax credits indemnity reserve	Tax, civil and labor indemnity reserve	Total indemnity reserves
	(In millions)		
Balance at December 28, 2008	\$ 120.8	\$ 12.4	\$ 133.2
Changes in estimates	(2.4)	(0.1)	(2.5)
Foreign exchange impact	3.9	0.4	4.3
Balance at March 29, 2009	\$ 122.3	\$ 12.7	\$ 135.0

Litigation and Other Disputes

Beginning in May 2005, several purported shareholder class actions were filed in the United States and Canada, including federal courts in Delaware and Colorado and provincial courts in Ontario and Quebec, alleging, among other things, that the Company and its affiliated entities, including Molson Inc., and certain officers and directors misled stockholders in connection with the Merger. The Colorado case was transferred to Delaware and consolidated with those cases. The Quebec Superior Court heard arguments in October 2007 regarding the plaintiffs' motion to authorize a class action in that case. We opposed the motion.

During the first quarter of 2008, the Company agreed in principle with counsel for plaintiffs in all pending securities cases in Delaware, Quebec, and Ontario to settle all such claims on a worldwide basis. Pursuant to the settlement, the Company would pay, except one case discussed below, a total of \$6.0 million, which amounts would be paid by the Company's insurance carrier. The settlement agreement is awaiting final approval in the various courts in which cases are pending. We anticipate receiving such approval during the second quarter of 2009. A related case which sought to recover on behalf of certain Molson Coors employees who invested in Company securities around the same time through two employee retirement savings plans has been settled and was covered by insurance.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

16. COMMITMENTS AND CONTINGENCIES (Continued)

MCBC-UK replaced a bonus plan in the United Kingdom with a different plan under which a bonus was not paid in 2003. A group of employees pursued a claim against MCBC-UK with respect to this issue with an employment tribunal. During the second quarter of 2005, the tribunal ruled against MCBC-UK. MCBC-UK appealed this ruling, and the appeal was heard in the first quarter of 2006, where most impacts of the initial tribunal judgments were overturned. However, the employment appeal tribunal remitted two specific issues back to a new employment tribunal. MCBC-UK appealed the employment appeal tribunal's judgment. In January 2007, the appeal decision ruled in the Company's favor, holding that the employment tribunal had no jurisdiction to hear the employees' claims, and the claims were dismissed. Employee claims in this matter were filed during the third quarter of 2008 in a U.K. county court. A trial date is set for October 19, 2009. MCBC-UK will defend the claims vigorously. If MCBC-UK were held to be liable to the claimants, the amounts of the liability would be immaterial. If such liabilities were asserted by other groups of employees and upheld in subsequent litigation, the potential loss would be higher.

We are involved in other disputes and legal actions arising in the ordinary course of our business. While it is not feasible to predict or determine the outcome of these proceedings, in our opinion, based on a review with legal counsel, none of these disputes and legal actions is expected to have a material impact on our consolidated financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters, may arise from time to time that may harm our business.

Environmental

When we determine that it is probable that a liability for environmental matters or other legal actions exists and the amount of the loss is reasonably estimable, an estimate of the future costs are recorded as a liability in the financial statements. Costs that extend the life, increase the capacity or improve the safety or efficiency of Company-owned assets or are incurred to mitigate or prevent future environmental contamination may be capitalized. Other environmental costs are expensed when incurred.

From time to time, we have been notified that we are or may be a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act or similar state laws for the cleanup of other sites where hazardous substances have allegedly been released into the environment. We cannot predict with certainty the total costs of cleanup, our share of the total cost, the extent to which contributions will be available from other parties, the amount of time necessary to complete the cleanups or insurance coverage.

We are one of a number of entities named by the Environmental Protection Agency ("EPA") as a PRP at the Lowry Superfund site. This landfill is owned by the City and County of Denver ("Denver") and is managed by Waste Management of Colorado, Inc. ("Waste Management"). In 1990, we recorded a pretax charge of \$30 million, a portion of which was put into a trust in 1993 as part of a settlement with Denver and Waste Management regarding the then-outstanding litigation. Our settlement was based on an assumed remediation cost of \$120 million (in 1992 adjusted dollars). We are obligated to pay a portion of future costs, if any, in excess of that amount.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

16. COMMITMENTS AND CONTINGENCIES (Continued)

Waste Management provides us with updated annual cost estimates through 2032. We reviewed these cost estimates in the assessment of our accrual related to this issue. We use certain assumptions that differ from Waste Management's estimates to assess our expected liability. Our expected liability (based on the \$120 million threshold being met) is based on our best estimates available.

The assumptions used are as follows:

trust management costs are included in projections with regard to the \$120 million threshold, but are expensed only as incurred;

income taxes, which we believe are not an included cost, are excluded from projections with regard to the \$120 million threshold;

a 2.5% inflation rate for future costs; and

certain operations and maintenance costs were discounted using a 2.94% risk-free rate of return.

Based on these assumptions, the present value and gross amount of the costs at March 29, 2009, are approximately \$3.8 million and \$5.2 million, respectively. Accordingly, we believe that the existing liability is adequate as of March 29, 2009. We did not assume any future recoveries from insurance companies in the estimate of our liability, and none are expected.

Considering the estimates extend through the year 2032 and the related uncertainties at the site, including what additional remedial actions may be required by the EPA, new technologies and what costs are included in the determination of when the \$120 million threshold is reached the estimate of our liability may change as further facts develop. We cannot predict the amount of any such change, but additional accruals in the future are possible.

In April 2009, we received a written notice relating to the Lowry site, that the State of Colorado intends to seek compensation from MCBC and other parties to recover for nature resources damages. The State of Colorado has informally asserted total damages of up to \$10 million. However, the Company is potentially liable for only a portion of those damages. The Company will defend any such claims vigorously.

We are aware of groundwater contamination at some of our properties in Colorado resulting from historical, ongoing or nearby activities. There may also be other contamination of which we are currently unaware.

In October 2006 we were notified by the EPA that we are a PRP, along with approximately 60 other parties, at the Cooper Drum site in southern California. Certain of Molson's former non-beer business operations, which were discontinued and sold in the mid-1990s, were involved at this site. We responded to the EPA with information regarding our past involvement with the site. We are not yet able to estimate any potential liability associated with this site.

During the third quarter of 2008 we were notified by the EPA that we are a PRP, along with others, at the East Rutherford and Barry's Creek sites in New Jersey. Certain of Molson's former non-beer business operations, which were discontinued and sold in the mid-1990s, were involved at this site. As of March 29, 2009 and December 28, 2008, we have accrued an estimated liability in the amount of \$4.2 million and \$3.9 million, respectively.

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While we cannot predict the eventual aggregate cost for environmental and related matters in which we are currently involved, we believe that any payments, if required, for these matters would be made over a period of time in amounts that would not be material in any one year to our operating results, cash flows or our financial or competitive position. We believe adequate reserves have been provided for losses that are probable and estimable.

17. OTHER COMPREHENSIVE INCOME (LOSS)

The following summarizes the components of other comprehensive income (loss):

	Thirteen Weeks Ended	
	March 29, 2009	March 30, 2008
	(In millions)	
Net income	\$ 76.2	\$ 39.7
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments, net of tax	(72.4)	(199.7)
Currency effect on pension liability, net of tax	7.7	2.5
Amortization of net prior service costs and net actuarial losses, net of tax	12.5	2.2
Unrealized gain on derivative instruments, net of tax	8.2	29.6
Reclassification adjustment derivative instruments, net of tax	(14.5)	0.8
Ownership share of unconsolidated subsidiaries' other comprehensive income, net of tax(1)	(3.8)	
Total other comprehensive loss, net of tax	(62.3)	(164.6)
Comprehensive income (loss)	13.9	(124.9)
Less: Comprehensive income attributable to the noncontrolling interest	(0.5)	(5.5)
Comprehensive income (loss) attributable to MCBC	\$ 13.4	\$ (130.4)

(1)

Consisting of unrealized gains and losses on derivative instruments, and changes to pension liabilities related to our proportional share of our unconsolidated subsidiaries, reported net of our effective tax rate.

18. SUPPLEMENTAL GUARANTOR INFORMATION

MCBC ("Parent Guarantor and 2007 Issuer") issued \$575.0 million of 2.5% Convertible Senior Notes due July 30, 2013, in a registered offering on June 15, 2007. The convertible notes are guaranteed on a senior unsecured basis by CBC ("2002 Issuer"), Molson Coors International, LP and Molson Coors Capital Finance ULC (together the "2005 Issuers") and certain significant subsidiaries ("Subsidiary Guarantors").

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On May 7, 2002, the 2002 Issuer completed a public offering of \$850.0 million principal amount of 6.375% Senior notes due 2012. During the first quarter of 2008, \$180.4 million of the Senior notes was extinguished by using existing cash resources. During the third quarter of 2007, \$625.0 million of the Senior notes was extinguished by the proceeds received from the 2.5% Convertible Senior Notes issued

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009

18. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)

June 15, 2007 and cash on hand. The remaining outstanding Senior notes are guaranteed on a senior and unsecured basis by the Parent Guarantor and 2007 Issuer, 2005 Issuers and Subsidiary Guarantors. The guarantees are full and unconditional and joint and several.

On September 22, 2005, the 2005 Issuers completed a public offering of \$1.1 billion principal amount of Senior notes composed of USD \$300 million 4.85% notes due 2010 and CAD \$900.0 million 5.00% notes due 2015. The notes were issued with registration rights and are guaranteed on a senior and unsecured basis by Parent Guarantor and 2007 Issuer, 2002 Issuer and Subsidiary Guarantors. The guarantees are full and unconditional and joint and several. Funds necessary to meet the 2005 Issuers' debt service obligations are provided in large part by distributions or advances from MCBC's other subsidiaries. Under certain circumstances, contractual and legal restrictions, as well as our financial condition and operating requirements, could limit the 2005 Issuers ability to obtain cash for the purpose of meeting its debt service obligation, including the payment of principal and interest on the notes.

On June 30, 2008, Molson Canada 2005, an indirect wholly owned subsidiary of Molson Coors, guaranteed the obligations of Molson Coors under the Credit Agreements dated as of March 2, 2005. As a result of such guarantee, Molson Canada 2005 became a guarantor under the following (i) the indenture related to the Senior notes dated as of May 7, 2002 and as supplemented; (ii) the indenture related to the Senior notes dated September 22, 2005 and as supplemented; and (iii) the indenture related to the Senior convertible notes dated June 15, 2007 and as supplemented. This change is effective for our 2008 third quarter and was reflected accordingly with the appropriate reclassifications to the prior period condensed consolidated financial statements.

The following information sets forth Condensed Consolidating Statements of Operations for the thirteen weeks ended March 29, 2009, and March 30, 2008, Condensed Consolidating Balance Sheets as of March 29, 2009, and December 28, 2008, and Condensed Consolidating Statements of Cash Flows for the thirteen weeks ended March 29, 2009 and March 30, 2008. Investments in subsidiaries are accounted for on the equity method; accordingly, entries necessary to consolidate the Parent Guarantor, the Issuers and all of our subsidiaries are reflected in the eliminations column. In the opinion of management, separate complete financial statements of the Issuers and the Subsidiary Guarantors would not provide additional material information that would be useful in assessing their financial composition.

Consolidated stockholders' equity is equal to that of MCBC, which is the Parent Guarantor and 2007 Issuer, and of Molson Coors Canada, Inc., which is a Subsidiary Non-Guarantor. Molson Coors Canada, Inc. is the issuer of exchangeable shares, which former Molson shareholders received in the Merger.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	\$	\$ 13.0	\$	\$ 409.4	\$ 401.8	\$	\$ 824.2
Excise taxes				(96.2)	(169.0)		(265.2)
Net sales		13.0		313.2	232.8		559.0
Cost of goods sold		(12.1)		(177.7)	(156.3)		(346.1)
Equity in subsidiary earnings	299.9	(106.1)	186.1			(379.9)	
Gross profit (loss)	299.9	(105.2)	186.1	135.5	76.5	(379.9)	212.9
Marketing, general and administrative expenses	(15.7)	(11.7)		(85.8)	(69.4)		(182.6)
Special items, net	(1.2)			(8.1)	(0.9)		(10.2)
Equity income in MillerCoors		97.1					97.1
Operating income (loss)	283.0	(19.8)	186.1	41.6	6.2	(379.9)	117.2
Interest (expense) income, net	(8.2)	(0.1)	(12.6)	(0.1)	1.1		(19.9)
Other income (expense), net	(21.7)	2.4		(0.2)	1.0		(18.5)
Income from continuing operations before income taxes	253.1	(17.5)	173.5	41.3	8.3	(379.9)	78.8
Income tax (expense) benefit	(177.4)	131.1	(140.5)	57.7	130.4		1.3
Income from continuing operations	75.7	113.6	33.0	99.0	138.7	(379.9)	80.1
Loss from discontinued operations, net of tax					(3.9)		(3.9)
Net income	75.7	113.6	33.0	99.0	134.8	(379.9)	76.2
Less: Net income attributable to noncontrolling interests					(0.5)		(0.5)
Net income attributable to MCBC	\$ 75.7	\$ 113.6	\$ 33.0	\$ 99.0	\$ 134.3	\$ (379.9)	\$ 75.7

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THIRTEEN WEEKS ENDED MARCH 30, 2008
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	\$	\$ 698.6	\$	\$ 530.8	\$ 586.8	\$	\$ 1,816.2
Excise taxes		(101.0)		(115.4)	(243.2)		(459.6)
Net sales		597.6		415.4	343.6		1,356.6
Cost of goods sold		(367.2)		(240.1)	(227.7)		(835.0)
Equity in subsidiary earnings	95.4	13.0	36.8			(145.2)	
Gross profit	95.4	243.4	36.8	175.3	115.9	(145.2)	521.6
Marketing, general and administrative expenses	(48.1)	(176.8)		(110.6)	(101.1)		(436.6)
Special items, net	(11.9)	(16.2)		22.8	(2.0)		(7.3)
Operating income	35.4	50.4	36.8	87.5	12.8	(145.2)	77.7
Interest (expense) income, net	(6.5)	(18.9)	(15.4)	1.1	(0.5)		(40.2)
Other income (expense), net		2.9		(1.3)	3.0		4.6
Income from continuing operations before income taxes	28.9	34.4	21.4	87.3	15.3	(145.2)	42.1
Income tax benefit (expense)	5.4	24.6	0.7	(6.3)	(17.8)		6.6
Income (loss) from continuing operations	34.3	59.0	22.1	81.0	(2.5)	(145.2)	48.7
Loss from discontinued operations, net of tax					(9.0)		(9.0)
Net income (loss)	34.3	59.0	22.1	81.0	(11.5)	(145.2)	39.7
Less: Net income attributable to noncontrolling interests					(5.4)		(5.4)
Net income (loss) attributable to MCBC	\$ 34.3	\$ 59.0	\$ 22.1	\$ 81.0	\$ (16.9)	\$ (145.2)	\$ 34.3

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****18. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)**

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
AS OF MARCH 29, 2009
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	\$ 63.8	\$ 0.2	\$ 0.1	\$ 0.2	\$ 30.1	\$	\$ 94.4
Accounts receivable, net	2.9	6.3		110.3	265.3		384.8
Other receivables, net	20.6	41.1	(4.2)	45.9	41.3		144.7
Total inventories, net				111.2	78.3		189.5
Other assets, net	9.0	1.4		32.8	28.9		72.1
Deferred tax assets	(18.2)	17.5			0.7		
Discontinued operations					3.0		3.0
Total current assets	78.1	66.5	(4.1)	300.4	447.6		888.5
Properties, net	26.8	7.4		674.4	422.6		1,131.2
Goodwill		11.4		284.5	980.3		1,276.2
Other intangibles, net		42.9		3,487.1	320.1		3,850.1
Investment in MillerCoors		2,499.9					2,499.9
Net investment in and advances to subsidiaries	5,870.0	(1,134.7)	4,387.9			(9,123.2)	
Deferred tax assets	(137.9)	37.6	100.7	15.1	(15.5)		
Other assets	7.9	54.3	13.6	67.3	104.9		248.0
Discontinued operations					5.4		5.4
Total assets	\$ 5,844.9	\$ 1,585.3	\$ 4,498.1	\$ 4,828.8	\$ 2,265.4	\$ (9,123.2)	\$ 9,899.3
Liabilities and equity							
Current liabilities:							
Accounts payable	\$ 6.0	\$ 0.9		\$ 49.1	\$ 90.9	\$	\$ 146.9
Accrued expenses and other liabilities	36.3	28.0	(5.2)	216.0	232.8		507.9
Deferred tax liability	39.4	4.0			78.6		122.0
Short-term borrowings and current portion of long-term debt		0.3	(0.2)				0.1
Discontinued operations					24.4		24.4
Total current liabilities	81.7	33.2	(5.4)	265.1	426.7		801.3
Long-term debt	499.4	45.2	1,023.6				1,568.2
Deferred tax liability	15.9	28.2			301.1		345.2
Other liabilities	64.6	10.1		544.7	370.6		990.0
Discontinued operations					119.0		119.0
Total liabilities	661.6	116.7	1,018.2	809.8	1,217.4		3,823.7
Total MCBC stockholders' equity							

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	5,183.3	1,468.6	3,479.9	4,019.0	1,043.9	(9,123.2)	6,071.5
Noncontrolling interests					4.1		4.1
Total equity	5,183.3	1,468.6	3,479.9	4,019.0	1,048.0	(9,123.2)	6,075.6
Total liabilities and equity	\$ 5,844.9	\$ 1,585.3	\$ 4,498.1	\$ 4,828.8	\$ 2,265.4	\$ (9,123.2)	\$ 9,899.3

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****18. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)**

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
AS OF DECEMBER 28, 2008
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	\$ 84.9	\$ 0.4	\$ 0.1	\$ 24.1	\$ 106.7	\$	\$ 216.2
Accounts receivable, net	9.1	10.9		132.1	320.4		472.5
Other receivables, net	20.2	28.1	(14.9)	46.4	83.1		162.9
Total inventories, net				111.9	80.2		192.1
Other assets, net	(0.4)	3.1		24.5	34.7		61.9
Deferred tax assets	(18.3)	17.5			0.8		
Discontinued operations					1.5		1.5
Total current assets	95.5	60.0	(14.8)	339.0	627.4		1,107.1
Properties, net	25.4	7.7		597.7	671.1		1,301.9
Goodwill		11.4		275.2	1,011.4		1,298.0
Other intangibles, net		44.4		3,552.1	326.9		3,923.4
Investment in MillerCoors		2,418.7					2,418.7
Net investment in and advances to subsidiaries	5,646.3	(1,182.1)	4,282.9			(8,747.1)	
Deferred tax assets	(32.4)	18.4	100.7	15.1	(26.5)		75.3
Other assets	6.6	54.9	3.9	81.5	108.3		255.2
Discontinued operations					7.0		7.0
Total assets	\$ 5,741.4	\$ 1,433.4	\$ 4,372.7	\$ 4,860.6	\$ 2,725.6	\$ (8,747.1)	\$ 10,386.6
Liabilities and equity							
Current liabilities:							
Accounts payable	\$ 6.8	\$ 1.7		\$ 61.5	\$ 100.5	\$	\$ 170.5
Accrued expenses and other liabilities	18.9	18.1	10.3	218.7	424.8		690.8
Deferred tax liability	39.0				68.8		107.8
Short-term borrowings and current portion of long-term debt		0.3	(0.2)				0.1
Discontinued operations					16.9		16.9
Total current liabilities	64.7	20.1	10.1	280.2	611.0		986.1
Long-term debt	495.3	45.3	1,035.5		175.9		1,752.0
Deferred tax liability	(5.9)	5.9			399.4		399.4
Other liabilities	63.2	10.0	(9.9)	485.0	536.6		1,084.9
Discontinued operations					124.8		124.8
Total liabilities	617.3	81.3	1,035.7	765.2	1,847.7		4,347.2
Total MCBC stockholders' equity							

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	5,124.1	1,352.1	3,337.0	4,115.0	874.3	(8,747.1)	6,055.4
Noncontrolling interests				(19.6)	3.6		(16.0)
Total equity	5,124.1	1,352.1	3,337.0	4,095.4	877.9	(8,747.1)	6,039.4
Total liabilities and equity	\$ 5,741.4	\$ 1,433.4	\$ 4,372.7	\$ 4,860.6	\$ 2,725.6	\$ (8,747.1)	\$ 10,386.6

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****18. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)**

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Consolidated
Net cash (used in) provided by operating activities	\$ (53.5)	\$ 65.2	\$ (27.3)	\$ 47.7	\$ (27.3)	\$ 4.8
CASH FLOWS FROM INVESTING ACTIVITIES:						
Additions to properties and intangible assets	(4.5)			(6.6)	(8.5)	(19.6)
Proceeds from sales of properties and intangible assets, net	1.2				0.9	2.1
Investment in MillerCoors		(67.2)				(67.2)
Deconsolidation of Brewers' Retail, Inc.				(26.1)		(26.1)
Trade loan repayments from customers					3.2	3.2
Trade loans advanced to customers					(2.8)	(2.8)
Net cash used in investing activities	(3.3)	(67.2)		(32.7)	(7.2)	(110.4)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Issuances of stock under equity compensation plans		1.5				1.5
Excess tax benefits from share-based compensation		15.2				15.2
Dividends paid		(32.1)			(4.7)	(36.8)
Proceeds from issuance of short-term debt					1.7	1.7
Payments on long-term debt and capital lease obligations				(0.1)		(0.1)
Proceeds from short-term borrowings				2.7	5.2	7.9
Payments on short-term borrowings				(2.6)	(5.1)	(7.7)
Change in overdraft balances and other		3.4		8.4	(7.0)	4.8
Net activity in investments and advances (to) from subsidiaries	47.7	1.8	27.3	(45.1)	(31.7)	
Net cash provided by (used in) financing activities	35.7	1.8	27.3	(36.7)	(41.6)	(13.5)
CASH AND CASH EQUIVALENTS:						
Net decrease in cash and cash equivalents	(21.1)	(0.2)		(21.7)	(76.1)	(119.1)
Effect of foreign exchange rate changes on cash and cash equivalents				(2.2)	(0.5)	(2.7)
Balance at beginning of year	84.9	0.4	0.1	24.1	106.7	216.2
Balance at end of period	\$ 63.8	\$ 0.2	\$ 0.1	\$ 0.2	\$ 30.1	\$ 94.4

Table of Contents**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THIRTEEN WEEKS ENDED MARCH 29, 2009****18. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)**

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THIRTEEN WEEKS ENDED MARCH 30, 2008
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Consolidated
Net cash (used in) provided by operating activities	\$ (62.6)	\$ (37.2)	\$ (34.5)	\$ 49.3	\$ (41.2)	\$ (126.2)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Additions to properties and intangible assets	(4.3)	(29.6)		(10.9)	(24.7)	(69.5)
Proceeds from sales of properties and intangible assets, net				26.3	2.0	28.3
Proceeds from sale of investment securities, net	22.8					22.8
Investment in unconsolidated affiliates					(7.0)	(7.0)
Trade loan repayments from customers					6.9	6.9
Trade loans advanced to customers					(9.2)	(9.2)
Other		2.6				2.6
Net cash provided by (used in) investing activities	18.5	(27.0)		15.4	(32.0)	(25.1)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Issuances of stock under equity compensation plans	23.0					23.0
Excess tax benefits from share-based compensation	3.6					3.6
Dividends paid	(24.4)				(8.7)	(33.1)
Payments on long-term debt and capital lease obligations		(180.4)			(0.3)	(180.7)
Change in overdraft balances and other	5.7	12.1		48.3	3.5	69.6
Settlements of debt-related derivatives		12.0				12.0
Net activity in investments and advances (to) from subsidiaries	(192.0)	249.7	34.5	(113.8)	21.6	
Net cash (used in) provided by financing activities	(184.1)	93.4	34.5	(65.5)	16.1	(105.6)
CASH AND CASH EQUIVALENTS:						
Net (decrease) increase in cash and cash equivalents	(228.2)	29.2		(0.8)	(57.1)	(256.9)
Effect of foreign exchange rate changes on cash and cash equivalents				0.6	(2.0)	(1.4)
Balance at beginning of year	243.7	1.4	0.1	5.6	126.2	377.0
Balance at end of period	\$ 15.5	\$ 30.6	\$ 0.1	\$ 5.4	\$ 67.1	\$ 118.7

Table of Contents**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided as a supplement to, and should be read in conjunction with, our audited consolidated financial statements, the accompanying notes, and the MD&A included in our Annual Report on Form 10-K for the fiscal year ended December 28, 2008, as well as our unaudited consolidated financial statements and the accompanying notes included in this Form 10-Q. Due to the seasonality of our operating results, quarterly financial results are not an appropriate basis from which to project annual results.

Effective July 1, 2008, Molson Coors Brewing Company ("MCBC") and SABMiller plc ("SABMiller") combined the U.S. and Puerto Rico operations of their respective subsidiaries, Coors Brewing Company ("CBC") and Miller Brewing Company ("Miller"). In connection with the closing of the joint venture transaction, each of MCBC, CBC, SABMiller and Miller have entered into an Amended and Restated Operating Agreement (the "LLC Operating Agreement"). The LLC Operating Agreement is the primary operating document governing the joint venture, MillerCoors LLC ("MillerCoors").

Beginning in the third quarter of 2008, the results and financial position of U.S. operations, which has historically comprised substantially all of our U.S. reporting segment was, in all material respects, prospectively deconsolidated from MCBC. Also beginning in the third quarter of 2008, our interest in the new combined operations have been accounted for by us under the equity method of accounting. Our equity investment in MillerCoors represents our U.S. operating segment from July 1, 2008 forward.

BUSINESS OVERVIEW**Financial Highlights**

The following first quarter highlights summarize components of our condensed consolidated summary of operations for the thirteen weeks ended March 29, 2009 and March 30, 2008. See "RESULTS OF OPERATIONS" below for further analysis of our reportable segment results.

	Thirteen weeks ended			
	March 29,	March 30,		%
	2009	2008		change
	(In millions, except percentages			
	and per share data)			
Volume in hectoliters	3,895	10,710		(63.6)%
Net sales	\$ 559.0	\$ 1,356.6		(58.8)%
Income from continuing operations, net of tax	\$ 79.6	\$ 43.3		83.8%
Diluted income per share from continuing operations	\$ 0.43	\$ 0.24		79.2%

Table of Contents**Consolidated Global Volumes including Proportionate Share of Equity Investments' volume**

	Thirteen Weeks Ended			Thirteen Weeks Ended		
	March 29, 2009	March 30, 2008	% change	March 29, 2009	March 30, 2008	% change
	Actual	Pro forma(1)		Actual	Reported	
	(In Thousands)			(In Thousands)		
Volume in hectoliters:						
Reported financial volume	3,895	4,201	(7.3)%	3,895	10,710	(63.6)%
Royalty volume	51	53	(3.8)%	51	53	(3.8)%
Owned volume	3,946	4,254	(7.2)%	3,946	10,763	(63.3)%
Proportionate share of equity investment sales-to-retail(2)	6,570	6,549	0.3%	6,570	45	N/M
Total worldwide beer volume	10,516	10,803	(2.7)%	10,516	10,808	(2.7)%

N/M = Not meaningful

- (1) Reflects the reduction of the U.S. segment volume reported for the thirteen weeks ended March 30, 2008.
- (2) Reflects the addition of MCBC proportionate share of equity method subsidiaries sales-to-retail for the periods presented adjusted for comparable trading days.

During the first quarter of 2009, our results reflect the adoption of hectoliters as our standard global volume measure and as a result prior periods information presented has been adjusted to reflect this change. Worldwide beer volume is composed of our financial volume, royalty volume and proportionate share of equity investment sales-to-retail. Financial volume represents owned beer brands sold to unrelated external customers within our geographical markets. Royalty beer volume consists of product produced and sold by third parties under various license and contract-brewing agreements. Equity investment sales-to-retail brands volume represents the company's ownership percentage share of volume in its subsidiaries accounted for under the equity method, including MillerCoors and Modelo Molson Imports, L.P.

First quarter 2009 highlights demonstrate the importance of building brands and reducing costs:

Worldwide *Coors Light* volume increased more than 4% from a year ago.

In our Canada business, net pricing grew as price increases across all major markets more than offset price discounting, primarily in the Quebec market.

In the U.K business, based on our value-driven strategy, which focuses on building our brands, we grew pricing and benefited from our contract brewing arrangement and the expansion of *Magners* draught cider.

MillerCoors in the U.S. made progress on both the top-line and bottom-line; improving growth of the total portfolio and for key brands. At the same time, MillerCoors achieved profit growth of more than 50% versus the pro-forma result a year ago.

We continued to reduce Corporate overhead and interest costs.

MCBC cost savings initiatives

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During the first quarter of 2009, we achieved approximately \$18 million of cost savings as part of our three-year, \$250 million Resources for Growth ("RFG") cost savings program. These cost savings

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include our 42% of RFG cost savings initiatives that were achieved by MillerCoors, which equaled \$3 million in the first quarter of 2009.

MillerCoors integration and cost synergy initiatives

MillerCoors further accelerated synergy delivery timing, realizing \$50 million in the first quarter which captures some savings originally planned for delivery in the second quarter. A total of \$78 million in synergy savings has been realized since July 1, 2008, exceeding MillerCoors' original goal of \$50 million for the first twelve months of operations. MillerCoors expects to realize \$128 million of synergies by June 30, 2009.

By the end of calendar year 2009, MillerCoors expects to achieve a total of \$238 million in synergies, surpassing its original forecast of \$225 million. While the timing of synergy delivery has accelerated, MillerCoors' \$500 million synergy goal is unchanged.

Income taxes

Our effective tax rate for the first quarter of 2009 was a tax benefit of approximately (2%). We anticipate that our 2009 full year effective tax rate will be in the range of 16% to 20%. The 2009 first quarter effective tax rate is lower than our anticipated full year rate primarily due to the favorable resolution of unrecognized tax positions.

Discontinued operations

Discontinued operations are associated with the formerly-owned Kaiser business in Brazil. See Part I Financial Statements, Item 1 Note 7 "DISCONTINUED OPERATIONS" and Note 16 "COMMITMENTS AND CONTINGENCIES" for discussions of the nature of amounts recognized in the Discontinued Operations section of the condensed consolidated statements of operations, which consists primarily of amounts associated with indemnity obligations to the owners of Kaiser related to purchased tax credits and other tax, civil and labor issues.

RESULTS OF OPERATIONS

Canada Segment Results of Operations

Our Canada segment consists primarily of Molson's beer business, including the production and sale of the Molson brands, *Coors Light*, and other licensed brands in Canada. Effective, January 1, 2008, Molson and Grupo Modelo, S.A.B. de C.V. established a joint venture, Modelo Molson Imports, L.P. ("MMI"), to import, distribute, and market the Modelo beer brand portfolio across all Canadian provinces and territories. MMI is accounted for using the equity method. The Canada segment also includes our arrangements related to the distribution of beer in Ontario and in Western Canada, Brewers' Retail, Inc. ("BRI") and Brewers' Distributor Ltd. ("BDL"), respectively. BRI was a consolidated joint venture through February 28, 2009. As of March 1, 2009, we deconsolidated BRI, and prospectively began accounting for BRI results under the equity method as a result of the reduction in our BRI ownership interest following Labatt's acquisition of Lakeport Brewing in Ontario

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and the resulting increase in their relative ownership interest in BRI. Also included in the Canada results is BDL, a joint venture accounted for under the equity method.

	Thirteen Weeks Ended		
	March 29, 2009	March 30, 2008	% change
(In millions, except percentages)			
Volume in hectoliters	1.763	1.767	(0.2)%
Net sales	\$ 324.7	\$ 383.6	(15.4)%
Cost of goods sold	(187.4)	(216.2)	(13.3)%
Gross profit	137.3	167.4	(18.0)%
Marketing, general and administrative expenses	(83.5)	(106.6)	(21.7)%
Special items, net	(8.1)	(1.4)	N/M
Operating income	45.7	59.4	(23.1)%
Other income, net	4.3	3.3	N/M
Earnings before income taxes	\$ 50.0	\$ 62.7	(20.3)%

N/M = Not meaningful

Foreign currency impact on results

The Canadian dollar ("CAD") depreciated versus the U.S. dollar ("USD") resulting in an approximate \$12 million decrease to USD earnings before income taxes on a quarter over quarter basis during the thirteen week first quarter.

Volume and net sales

With the formation of MillerCoors, the revenues and production costs of MCBC products sold by Molson in Canada for U.S. distribution, which were previously treated as inter-company sales and eliminated upon consolidation, are now included in Canada segment results. However, the sales volume continues to be eliminated from our Canada results, as this volume is now reported by MillerCoors. These increases will impact this quarter and the next quarter as we cycle prior year results that do not reflect this treatment. To provide more comparable results, we will provide year-over-year changes that exclude the reporting effects in Canada of deconsolidating BRI in March 2009 and setting up MillerCoors in 2008.

Our Canada segment sales volume was 1.8 million hectoliters in the first quarter of 2009, unchanged from a year ago. Our Canada sales to retail ("STRs"), for the calendar quarter ended March 31, 2009 decreased 3.2% versus a year ago, driven by soft industry volumes in the first quarter, along with our decision to limit our participation in off-premise price discounting. STRs of Molson's strategic brands, which represent more than 85 percent of our Canada volume, were stable, while sales of our non-supported brands declined. Strategic brand changes were led by double-digit growth of *Coors Light* and mid-single digit growth of *Carling*. Partner import brands and *Molson Canadian* volumes declined versus the prior comparable period.

Comparable net sales per hectoliter increased 2.0% in local currency, driven by favorable net pricing, led by price increases across all major markets, partially offset by continued discounting activity.

Total Canadian beer industry sales to retail declined an estimated 1.2% in the calendar first quarter of 2009. Our estimated Canada market share decreased about three-quarters of a share point in the first quarter of 2009 versus a year ago.

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Cost of goods sold

First quarter 2009 cost of goods sold per hectoliter increased 2.4% on a comparable basis in local currency. This increase was due to the net effect of three factors:

Commodity, packaging material, distribution and other input costs increased cost of goods sold by 2.5%,

About a third of these inflationary increases were offset by savings from our RFG initiatives,

An increase of about 1% was due to an increase in overhead expenses and ongoing product mix shifts.

Marketing, general and administrative expenses

Marketing, general and administrative expense in the first quarter of 2009 decreased by approximately 6% in local currency, driven by lower overhead and incentive compensation expense versus the comparable prior year period.

Special items, net

The Canada segment recognized \$8.1 million of special items in the first quarter of 2009 related to costs associated with the Montreal brewery employee pension curtailment and severance, and the ongoing Edmonton brewery closure expenses. See Part I Financial Statements, Item 1 Note 5 "SPECIAL ITEMS, NET" to the condensed consolidated financial statements for further discussion.

United States Segment Results of Operations

During the first two quarters of 2008, the United States ("U.S.") segment produced, marketed and sold the Coors portfolio of brands in the United States and Puerto Rico and includes the results of the Rocky Mountain Metal Corporation and Rocky Mountain Bottle Corporation, which were consolidated joint ventures. The U.S. segment also included sales of Molson products in the United States. As of July 1, 2008, MillerCoors began operations. The results and financial position of our U.S. segment operations were prospectively deconsolidated upon contribution to the joint venture, and ***our interest in MillerCoors is being accounted for and reported by us under the equity method of accounting***. This means that 42% of the net income reported by MillerCoors is reported on the MCBC income statement as "Equity income in MillerCoors" (after being adjusted for basis difference amortization, accounting policy differences, and share based compensation). MillerCoors' revenue and expense do not directly appear on our income statement. Similarly, 42% of MillerCoors' cash distributions appear on our statement of cash flows as "Distributions from MillerCoors" and the individual components of MillerCoors' cash flow do not appear on our statement of cash flows. Thus, while our equity investment in MillerCoors will represent our U.S. operating segment from and after July 1, 2008, our discussion of its results of operations are not addressed to and do not reflect MillerCoors' financial statements and

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results of operations. See Part I Financial Statements, Item 1 Note 1 "BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES," regarding the MillerCoors joint venture.

	Thirteen Weeks Ended		
	March 29, 2009	March 30, 2008	% change
	(In millions, except percentages)		
Volume in hectoliters		6.509	N/M
Net sales	\$	\$ 650.0	N/M
Cost of goods sold		(392.9)	N/M
Gross profit		257.1	N/M
Marketing, general and administrative expenses		(197.6)	N/M
Special items, net		8.0	N/M
Equity income in MillerCoors	97.1		100.0%
Operating income	97.1	67.5	43.9%
Other income, net		2.4	N/M
Earnings before income taxes	\$ 97.1	\$ 69.9	38.9%

N/M = Not meaningful

The results of operations for MillerCoors for the three months ended March 31, 2009, and pro forma results of operations for the three month period ended March 31, 2008 are as follows:

	For the three months ended		
	March 31, 2009 Actual	March 31, 2008 Pro Forma	% change
	(In millions, except percentages)		
Volumes in hectoliters	18.422	18.791	(2.0)%
Sales	\$ 2,005.7	\$ 1,947.1	3.0%
Excise taxes	(289.8)	(294.7)	(1.7)%
Net sales	1,715.9	1,652.4	3.8%
Cost of goods sold	(1,049.9)	(1,017.0)	3.2%
Gross profit	666.0	635.4	4.8%
Marketing, general and administrative expenses	(441.8)	(485.9)	(9.1)%
Special items, net	(10.4)	(11.3)	(8.0)%
Operating income	213.8	138.2	54.7%
Other income (expense), net	(0.5)	2.6	N/M
Income before income taxes	213.3	140.8	51.5%
Income tax expense	(2.1)		N/M

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Net income	211.2	140.8	50.0%
Less: Net income attributable to noncontrolling interests	(5.2)	(4.2)	23.8%
Net income attributable to MillerCoors	\$ 206.0	\$ 136.6	50.8%

N/M = Not meaningful

The unaudited pro forma combined financial information has been derived from the historical financial results of the respective U.S. businesses of MCBC and Miller, giving effect to the MillerCoors transaction and other related adjustments, described below. These pro forma results are not necessarily indicative of the results of operations that would have been achieved had the MillerCoors transaction taken place at the beginning of the pro forma period, and do not purport to be indicative of future operating results.

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MILLERCOORS, LLC
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
For the Three Months Ended March 31, 2008

	MCBC's U.S. Business Contributed to MillerCoors	Miller's U.S. Business Contributed to MillerCoors	Pro Forma Adjustments		MillerCoors Pro Forma Results
(In millions)					
Net sales	\$ 650.0	\$ 996.3	\$ 6.1	C	\$ 1,652.4
Cost of goods sold	(392.9)	(630.1)	5.2	C	
			0.8	D	(1,017.0)
Gross profit	257.1	366.2	12.1		635.4
Marketing, general and administrative	(197.6)	(274.1)	(4.3)	C	
			(14.9)	A	
			11.8	D	
			(6.8)	B	(485.9)
Special items	8.0	(19.3)			(11.3)
Operating income	67.5	72.8	(2.1)		138.2
Interest, net		1.2			1.2
Other, net	2.4	6.1	(7.1)	C	1.4
Pretax income	69.9	80.1	(9.2)		140.8
Income tax expense					
Net income	69.9	80.1	(9.2)		140.8
Less: Net income attributable to noncontrolling interests	(4.9)	0.7			(4.2)
Net income attributable to MillerCoors, LLC	\$ 65.0	\$ 80.8	\$ (9.2)		\$ 136.6

*Description of Pro Forma Adjustments***A**

With the formation of MillerCoors in the third quarter of 2008, amortization was initiated on certain intangible assets con