

# MOLSON COORS BREWING CO

## FORM 10-Q (Quarterly Report)

Filed 8/14/2002 For Period Ending 6/30/2002

Address	P.O. BOX 4030, MAIL #NH375 GOLDEN, Colorado 80401
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Industry	Beverages (Alcoholic)
Sector	Consumer/Non-Cyclical
Fiscal Year	12/28

# U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-Q

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

For the Quarterly period ended June 30, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

*Commission file number 0-8251*

## ADOLPH COORS COMPANY

(Exact name of registrant as specified in its charter)

COLORADO  
(State or other jurisdiction of  
incorporation or organization)

84-0178360  
(I.R.S. Employer Identification No.)

311 Tenth Street, Golden, Colorado  
(Address of principal executive offices)

80401  
(Zip Code)

303-279-6565

(Registrant's telephone number, including area code)

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 the number of shares outstanding of each of the registrant's classes of common stock, as of August 1, 2002:

Class A Common Stock - 1,260,000 shares Class B Common Stock - 34,943,265 shares

# ADOLPH COORS COMPANY AND SUBSIDIARIES

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**ADOLPH COORS COMPANY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(IN THOUSANDS, EXCEPT PER SHARE DATA)**

(UNAUDITED)

	THIRTEEN WEEKS ENDED	
	JUNE 30, 2002	JULY 1, 2001
Sales - domestic and international	\$ 1,339,225	\$ 809,729
Beer excise taxes	(315,256)	(117,029)
Net sales	1,023,969	692,700
Cost of goods sold	(616,220)	(424,880)
Gross profit	407,749	267,820
Marketing, general and administrative expenses	(286,311)	(194,618)
Special credit (charge)	1,074	(1,084)
Operating income	122,512	72,118
Gain on sale of distributorship	--	2,900
Interest income	6,347	4,387
Interest expense	(19,563)	(328)
Other (expense) income	(2,571)	1,143
Income before income taxes	106,725	80,220
Income tax expense	(39,109)	(30,368)
Net income	\$ 67,616	\$ 49,852
Net income per common share - basic	\$ 1.87	\$ 1.34
Net income per common share - diluted	\$ 1.84	\$ 1.33
Weighted average number of outstanding common shares - basic	36,117	37,284
Weighted average number of outstanding common shares - diluted	36,684	37,520
Cash dividends declared and paid per common share	\$ 0.205	\$ 0.205

See notes to unaudited condensed consolidated financial statements.

**ADOLPH COORS COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

(UNAUDITED)

	TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2002	JULY 1, 2001
Sales - domestic and international	\$ 2,276,981	\$ 1,447,557
Beer excise taxes	(513,690)	(211,157)
Net sales	1,763,291	1,236,400
Cost of goods sold	(1,092,064)	(776,033)
Gross profit	671,227	460,367
Marketing, general and administrative expenses	(501,725)	(364,576)
Special charge	(1,802)	(1,084)
Operating income	167,700	94,707
Gain on sale of distributorship	--	2,900
Interest income	10,608	8,999
Interest expense	(28,973)	(1,139)
Other income	2,356	4,315
Income before income taxes	151,691	109,782
Income tax expense	(56,872)	(41,602)
Net income	\$ 94,819	\$ 68,180
Net income per common share - basic	\$ 2.63	\$ 1.83
Net income per common share - diluted	\$ 2.60	\$ 1.81
Weighted average number of outstanding common shares - basic	36,045	37,244
Weighted average number of outstanding common shares - diluted	36,477	37,604
Cash dividends declared and paid per common share	\$ 0.410	\$ 0.390

See notes to unaudited condensed consolidated financial statements.

**ADOLPH COORS COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(IN THOUSANDS)

	JUNE 30, 2002	DECEMBER 30, 2001
	----- (Unaudited)	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 138,106	\$ 77,133
Short-term marketable securities	--	232,572
Accounts receivable, net	489,387	94,985
Notes receivable, net	101,694	13,747
Inventories:		
Finished	109,404	32,438
In process	34,349	23,363
Raw materials	48,268	41,534
Packaging materials	12,851	17,788
	-----	-----
Total inventories	204,872	115,123
Other current assets	96,780	72,969
	-----	-----
Total current assets	1,030,839	606,529
Properties, at cost and net	1,321,140	869,710
Goodwill	621,055	6,955
Other intangibles, net	534,395	79,334
Investments in joint ventures	201,036	94,785
Other assets	393,966	82,379
	-----	-----
Total assets	\$4,102,431	\$1,739,692
	=====	=====

(Continued)

See notes to unaudited condensed consolidated financial statements.

**ADOLPH COORS COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

	JUNE 30, 2002	DECEMBER 30, 2001
	-----	-----
Liabilities and shareholders' equity	(Unaudited)	
Current liabilities:		
Accounts payable	\$ 326,693	\$ 222,493
Accrued salaries and vacations	53,662	56,767
Taxes, other than income taxes	144,890	31,271
Accrued expenses and other liabilities	373,155	122,014
Current portion of long-term debt	106,708	85,000
	-----	-----
Total current liabilities	1,005,108	517,545
Long-term debt	1,513,375	20,000
Deferred tax liability	231,689	61,635
Other long-term liabilities	267,393	189,200
	-----	-----
Total liabilities	3,017,565	788,380
	-----	-----
Shareholders' equity:		
Capital stock:		
Preferred stock, non-voting, no par value (authorized: 25,000,000 shares; issued: none)	--	--
Class A common stock, voting, no par value (authorized and issued: 1,260,000 shares)	1,260	1,260
Class B common stock, non-voting, no par value, \$0.24 stated value (authorized: 200,000,000 shares; issued: 34,935,043 in 2002 and 36,048,008 in 2001)	8,318	8,259
	-----	-----
Total capital stock	9,578	9,519
Paid-in capital	11,392	--
Unvested restricted stock	(656)	(597)
Retained earnings	1,034,407	954,981
Accumulated other comprehensive income (loss)	30,145	(12,591)
	-----	-----
Total shareholders' equity	1,084,866	951,312
	-----	-----
Total liabilities and shareholders' equity	\$ 4,102,431	\$ 1,739,692
	=====	=====

(Concluded)

See notes to unaudited condensed consolidated financial statements.

**ADOLPH COORS COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(IN THOUSANDS)

(UNAUDITED)

	TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2002	JULY 1, 2001
Cash flows from operating activities:		
Net income	\$ 94,819	\$ 68,180
Adjustments to reconcile net income to net cash used in operating activities:		
Equity in net earnings of joint ventures	(30,115)	(22,498)
Distributions from joint ventures	28,064	13,932
Depreciation, depletion and amortization	108,720	60,019
Gains on sales of securities	(4,003)	(3,087)
Net gain(loss) on sale or abandonment of properties and intangibles	2,056	(3,489)
Deferred income taxes	2,551	(12,901)
Change in operating assets and liabilities	(105,806)	9,131
Net cash provided by operating activities	96,286	109,287
Cash flows from investing activities:		
Purchases of securities	--	(171,174)
Sales and maturities of securities	232,758	207,925
Additions to properties and intangible assets	(104,503)	(90,518)
Proceeds from sales of properties	13,158	8,313
Acquisition of Coors Brewers Limited, net of cash acquired	(1,588,348)	--
Investment in Molson USA, LLC	--	(65,000)
Other	247	13,555
Net cash used in investing activities	(1,446,688)	(96,899)
Cash flows from financing activities:		
Issuances of stock under stock plans	11,381	9,861
Purchases of stock	--	(9,117)
Dividends paid	(14,796)	(14,539)
Proceeds from issuance of debt	2,391,935	--
Payments on short-term and long-term debt	(926,000)	--
Overdraft balances	(54,112)	(43,403)
Other	--	3,737
Net cash provided by (used in) financing activities	1,408,408	(53,461)
Cash and cash equivalents:		
Net increase (decrease) in cash and cash equivalents	58,006	(41,073)
Effect of exchange rate changes on cash and cash equivalents	2,967	(759)
Balance at beginning of year	77,133	119,761
Balance at end of quarter	\$ 138,106	\$ 77,929

See notes to unaudited condensed consolidated financial statements.



# ADOLPH COORS COMPANY AND SUBSIDIARIES

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWENTY-SIX WEEKS ENDED JUNE 30, 2002

### 1. BUSINESS

We are the third-largest producer of beer in the United States based on volume and revenues. Following our acquisition of the majority of the former Bass Brewers business and other assets from Interbrew in February 2002, which we now collectively call Coors Brewers Limited, we are the eighth largest brewer in the world based on volume. Including Coors Brewers Limited, the number-two brewer in the United Kingdom based on volume, we expect to produce in excess of 32 million barrels of beer and other beverages per year. Since our founding in 1873, we have been committed to producing the highest quality beers and other beverages.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Unaudited condensed consolidated financial statements

In our opinion, the accompanying unaudited financial statements reflect all adjustments, consisting of normal recurring accruals, and certain other adjustments as discussed in Note 5, which are necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. The accompanying financial statements include our accounts and the accounts of our majority-owned and controlled domestic and foreign subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. These financial statements should be read in conjunction with the notes to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 30, 2001. Also, these financial statements should be read in conjunction with the financial statements of our acquired business and the pro forma financial information included in our Form 8-K/A filed with the Securities and Exchange Commission on April 18, 2002. The results of operations for the twenty-six weeks ended June 30, 2002, 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 results of Coors Brewers Limited operations have been included in the consolidated financial statements since February 2, 2002, the date of acquisition.

The year-end condensed balance sheet data was derived from audited financial statements.

#### Significant non-cash transactions

During the first twenty-six weeks of 2002 and 2001, we issued restricted common stock under our management incentive program. The non-cash impact of these issuances, net of forfeitures and tax withholding, was \$0.2 million and \$1.2 million, respectively. Also during the second quarter of 2002 and 2001, equity was increased by the tax benefit on the exercise of stock options under our stock plans of \$0.3 million and \$4.2 million, respectively.

## Recent accounting pronouncements

In 2001, the Financial Accounting Standards Board issued SFAS No. 143, Accounting for Asset Retirement Obligations. Under SFAS No. 143, the fair value of a liability for an asset retirement obligation covered under the scope of SFAS No. 143 would be recognized in the period in which the liability is incurred, with an offsetting increase in the carrying amount of the related long-lived asset. Over time, the liability would be accreted to its present value, and the capitalized cost would be depreciated over the useful life of the related asset. Upon settlement of the liability, an entity would either settle the obligation for its recorded amount or incur a gain or loss upon settlement. The Company is still studying this standard to determine, among other things, whether it has any asset retirement obligations that are covered under the scope of SFAS No. 143, and the effect, if any, to the Company of adopting this standard has not yet been determined. The Company will implement SFAS No. 143 no later than January 1, 2003.

On October 3, 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," (SFAS 144) which is applicable to financial statements issued for fiscal years beginning after December 15, 2001. This standard provides a single accounting model for long-lived assets to be disposed of by sale and establishes additional criteria that would have to be met to classify an asset as held-for-sale. Classification as held-for-sale is an important distinction since such assets are not depreciated and are stated at the lower of fair value or carrying amount. This standard also requires expected future operating losses from discontinued operations to be recorded in the period(s) in which the losses are incurred, rather than as of the measurement date, as previously required. Our adoption of SFAS No. 144 on January 1, 2002 did not have a material effect on our operating results or financial position.

In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145, "Rescission of FASB statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections," (SFAS 145). This statement eliminates the automatic classification of gain or loss on extinguishment of debt as an extraordinary item, and requires that such gain or loss be evaluated for extraordinary classification under the criteria of Accounting Principles Board No. 30, "Reporting Results of Operations." This statement also requires sales-leaseback accounting for certain lease modifications that have economic effects that are similar to sales-leaseback transactions and makes various other technical corrections to existing pronouncements. This statement will be effective for us for the year ending December 28, 2003. Our adoption of SFAS 145 will not have a material effect on our operating results or financial position.

In July 2002, the FASB issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This statement requires that a liability for a cost that is associated with an exit or disposal activity be recognized when the liability is incurred. It nullifies the guidance of the Emerging Issues Task Force (EITF) in EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). Under EITF Issue No. 94-3, an entity recognized a liability for an exit cost on the date that the entity committed itself to an exit plan. SFAS 146 acknowledges that an entity's commitment to a plan does not, by itself, create a present obligation to other parties that meets the definition of a liability. SFAS 146 also establishes that fair value is the objective for the initial measurement of the liability. SFAS 146 will be effective for exit or disposal activities that are initiated after December 31, 2002, and we are evaluating the impact, if any, that the implementation will have on our financial statements.

## Reclassifications

Certain reclassifications have been made to the 2001 financial statements to conform with the 2002 presentation.

### 3. COORS BREWERS LIMITED ACQUISITION

On February 2, 2002, we acquired 100% of the outstanding shares of Bass Holdings Ltd. and certain other intangible assets from Interbrew S.A. and paid off certain intercompany loan balances with Interbrew, for a total purchase price of Pound Sterling 1.2 billion (approximately \$1.7 billion), plus associated fees and expenses. This acquisition resulted in us obtaining the United Kingdom (U.K.) based Carling business.

The Carling Brewers business, renamed Coors Brewers Limited, includes the majority of the assets that previously made up Bass Brewers, including the Carling, Worthington and Caffrey's brand beers; the U.K. distribution rights to Grolsch (via a joint venture with Royal Grolsch N.V.); several other beer and flavored-alcohol beverage brands; related brewing and malting facilities in the U.K.; and a 49.9% interest in the distribution logistics provider, Tradeteam. Coors Brewers Limited is the second-largest brewer in the U.K. based on volume, and Carling lager is the best-selling beer brand in the U.K. The brand rights for Carling, which is the largest acquired brand by volume, are mainly for territories in Europe. The addition of Coors Brewers Limited creates a broader, more diversified company in a consolidating global beer market.

As noted in Footnote 2, Significant Accounting Policies, the results of Coors Brewers Limited operations have been included in the consolidated financial statements since February 2, 2002, the date of acquisition.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition. We are in the process of finalizing the purchase price accounting, including evaluation of the pension plan actuarial valuation and certain restructuring plans of the

acquired business. Accordingly, the allocation of the purchase price is subject to further adjustments.

	AS OF FEBRUARY 2, 2002
	(In millions)
Current assets	\$ 553
Property, plant and equipment	445
Other assets	401
Intangible assets	415
Goodwill	568
	-----
Total assets acquired	2,382
	-----
Current liabilities	(416)
Non-current liabilities	(229)
	-----
Total liabilities assumed	(645)
	-----
Net assets acquired	\$ 1,737
	=====

Of the \$415 million of acquired intangible assets, approximately \$389 million has been assigned to brand names and distribution rights. The remaining \$26 million was assigned to patents and technology and distribution channels. Approximately \$284 million of the \$389 million brand name and distribution rights value has been determined to have an indefinite life and accordingly will not be amortized. The remaining \$105 million brand name and distribution right value will be amortized over a weighted average useful life of approximately 11.6 years. The \$26 million value for patents and technology and distribution channels will be amortized over a weighted average useful life of approximately 8.4 years.

The \$568 million of goodwill was assigned to the Europe and Americas segments in the amounts of approximately \$442 million and \$126 million, respectively. It is currently expected that none of the goodwill will be deductible for tax purposes, however, we are in the process of finalizing our tax structure. A valuation allowance of approximately \$40 million was recorded against deferred tax assets arising from the acquisition in accordance with our accounting policies as discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations.

In March 2002, we announced plans to close our Cape Hill brewery and Alloa malting facility. A majority of the production at the Cape Hill brewery relates to brands that were retained by Interbrew. The production at the Alloa malting facility will be moved to one of the other existing malting facilities. The alternative use value for these sites, and the associated exit costs, have been reflected in the purchase price allocation above.

The following unaudited, pro forma information shows the results of our operations for the three months ended March 31, 2002, and April 1, 2001, as if the business combination with Coors Brewers Limited and us had occurred at the beginning of each period. The pro forma information has been revised from that previously included in our quarterly report on Form 10-Q for the thirteen weeks ended March 31, 2002, to reflect changes in estimates based upon more recent information and to adjust the pro forma interest expense on the debt used to fund the acquisition. These pro forma results are not necessarily indicative of the results of operations that would have occurred if the business combinations had occurred at the beginning of the

respective periods and is not intended to be indicative of future results of operations (in thousands, except per share data).

	THREE MONTHS ENDED	
	MARCH 31, 2002	APRIL 1, 2001
Net sales	\$820,593	\$805,636
Pretax income	\$ 23,199	\$ 9,546
Net income	\$ 14,002	\$ 5,775
Net income per common share:		
Basic	\$ 0.39	\$ 0.16
Diluted	\$ 0.39	\$ 0.15

The following unaudited, pro forma information shows the results of our operations for the thirteen and twenty-six weeks ended June 30, 2002, and July 1, 2001, as if the business combination with Coors Brewers Limited and us had occurred at the beginning of each period. These pro forma results are not necessarily indicative of the results of operations that would have occurred if the business combination had occurred at the beginning of the respective periods and is not intended to be indicative of future results of operations (in thousands, except per share data).

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2002	JULY 1, 2001	JUNE 30, 2002	JULY 1, 2001
Net Sales	\$1,023,969	\$1,063,909	\$1,844,562	\$1,869,545
Pretax income	\$ 106,725	\$ 92,053	\$ 129,924	101,599
Net income	\$ 67,616	\$ 57,354	\$ 81,618	\$ 63,129
Net income per common share:				
Basic	\$ 1.87	\$ 1.54	\$ 2.26	\$ 1.70
Diluted	\$ 1.84	\$ 1.53	\$ 2.23	\$ 1.68

We funded the acquisition with approximately \$150 million of cash on hand and approximately \$1.55 billion of combined debt as described below at the prevailing exchange rate:

TERM	FACILITY	CURRENCY	BALANCE
-----	DENOMINATION		( IN MILLIONS )
5 year Amortizing term loan		USD	\$ 478
5 year Amortizing term loan (Pound Sterling 228 million)		GBP	322
9 month Bridge facility		USD	750
			-----
			\$ 1,550
			=====

In conjunction with the term loan and bridge facility, we incurred financing fees of approximately \$9 million and \$500,000, respectively. These fees are amortized over the respective terms of the borrowings. On May 7, 2002, we repaid our nine month bridge facility and \$91 million of outstanding term borrowings through the issuance of long-term financing (See Debt footnote 10).

#### 4. BUSINESS SEGMENTS

Prior to our acquisition of Coors Brewers Limited, we reported results of operations in one segment. We now categorize our operations into the two geographical regions: the Americas and Europe. These segments are managed by separate operating teams, even though both consist primarily of the manufacture, marketing, and sale of beer and other beverage products.

The Americas malt beverage segment primarily consists of our production, marketing, and sale of the Coors family of brands in the U.S. and its territories. This segment also includes the Coors Light business in Canada that is conducted through a partnership investment with Molson, Inc. and the sale of Molson products in the U.S. that is conducted through a joint venture investment with Molson, Inc. The Americas segment also includes the small amount of Coors products that are exported and sold outside of the U.S. and its possessions, excluding Europe.

The Europe segment consists of our production and sale of the Coors Brewers Limited brands throughout the world, our joint venture arrangement in the U.K. Grolsch business, and our joint venture arrangement for the distribution of products throughout the U.K. It also includes the sale of Coors Light in the U.K. and the Republic of Ireland.

The Corporate segment currently includes interest, taxes and certain other corporate costs in both the U.S. and the U.K. The large majority of these corporate costs relate to finance and other administrative costs.

No single customer accounted for more than 10% of our sales.

Summarized financial information concerning our reportable segments is shown in the following table:

	AMERICAS	EUROPE	CORPORATE	TOTAL
	-----	-----	-----	-----
	(In thousands)			
THIRTEEN WEEKS ENDED 6/30/2002				
Gross sales	\$ 791,531	\$ 547,694	\$ --	\$ 1,339,225
Excise taxes	(114,955)	(200,301)	--	(315,256)
	-----	-----	-----	-----
Net sales	676,576	347,393	--	1,023,969
Cost of goods sold	(400,473)	(215,747)	--	(616,220)
Marketing, general and administrative	(197,220)	(89,091)	--	(286,311)
Special credits (charges)	1,644	--	(570)	1,074
	-----	-----	-----	-----
Operating income (loss)	80,527	42,555	(570)	122,512
Interest income	--	5,011	1,336	6,347
Interest expense	--	--	(19,563)	(19,563)
Other income (expense) - net	142	(1,117)	(1,596)	(2,571)
	-----	-----	-----	-----
Earnings (loss) before income taxes	\$ 80,669	\$ 46,449	\$ (20,393)	\$ 106,725
	=====	=====	=====	=====
Other financial data:				
Depreciation, depletion, amortization	\$ 33,194	\$ 30,816	\$ --	\$ 64,010
Capital expenditures and additions to intangibles	\$ 26,631	32,891	\$ --	\$ 59,522
	-----	-----	-----	-----
	AMERICAS	EUROPE	CORPORATE	TOTAL
	-----	-----	-----	-----
	(In thousands)			
THIRTEEN WEEKS ENDED 7/1/2001				
Gross sales	\$ 808,282	\$ 1,447	\$ --	\$ 809,729
Excise taxes	(117,032)	3	--	(117,029)
	-----	-----	-----	-----
Net sales	691,250	1,450	--	692,700
Costs of goods sold	(424,810)	(70)	--	(424,880)
Marketing, general and administrative	(192,388)	(2,230)	--	(194,618)
Special charges	(1,084)	--	--	(1,084)
	-----	-----	-----	-----
Operating income(loss)	72,968	(850)	--	72,118
Gain on sale of distributorship	2,900	--	--	2,900
Interest income	--	--	4,387	4,387
Interest expense	--	--	(328)	(328)
Other income - net	1,010	--	133	1,143
	-----	-----	-----	-----
Earnings(loss) before income taxes	\$ 76,878	\$ (850)	\$ 4,192	\$ 80,220
	=====	=====	=====	=====
Other financial data:				
Depreciation, depletion, amortization	\$ 29,483	\$ 14	\$ --	\$ 29,497
Capital expenditures and additions to intangibles	\$ 59,753	\$ 13	\$ --	\$ 59,766

**YEAR-TO DATE INFORMATION:**

	AMERICAS	EUROPE	CORPORATE	TOTAL
	-----	-----	-----	-----
	(In thousands)			
TWENTY-SIX WEEKS ENDED 6/30/2002				
Gross sales	\$ 1,428,500	\$ 848,481	\$ --	\$ 2,276,981
Excise taxes	(206,948)	(306,742)	--	(513,690)
Net sales	1,221,552	541,739	--	1,763,291
Cost of goods sold	(743,805)	(348,259)	--	(1,092,064)
Marketing, general and administrative	(359,461)	(142,264)	--	(501,725)
Special credits (charges)	840	--	(2,642)	(1,802)
Operating income (loss)	119,126	51,216	(2,642)	167,700
Interest income	--	7,431	3,177	10,608
Interest expense	--	--	(28,973)	(28,973)
Other (expense) income - net	(7)	761	1,602	2,356
Earnings (loss) before income taxes	\$ 119,119	\$ 59,408	\$ (26,836)	\$ 151,691
	=====	=====	=====	=====
Other financial data:				
Depreciation, depletion, amortization	\$ 64,070	\$ 44,650	\$ --	\$ 108,720
Capital expenditures and additions to intangibles	\$ 63,959	\$ 40,544	\$ --	\$ 104,503
	-----	-----	-----	-----
	AMERICAS	EUROPE	CORPORATE	TOTAL
	-----	-----	-----	-----
	(In thousands)			
TWENTY-SIX WEEKS ENDED 7/1/2001				
Gross sales	\$ 1,445,291	\$ 2,266	\$ --	\$ 1,447,557
Excise taxes	(211,157)	--	--	(211,157)
Net sales	1,234,134	2,266	--	1,236,400
Costs of goods sold	(775,214)	(819)	--	(776,033)
Marketing, general and administrative	(361,033)	(3,543)	--	(364,576)
Special charges	(1,084)	--	--	(1,084)
Operating income(loss)	96,803	(2,096)	--	94,707
Gain on sale of distributorship	2,900	--	--	2,900
Interest income	--	--	8,999	8,999
Interest expense	--	--	(1,139)	(1,139)
Other income - net	1,228	--	3,087	4,315
Earnings(loss) before income taxes	\$ 100,931	\$ (2,096)	\$ 10,947	\$ 109,782
	=====	=====	=====	=====
Other financial data:				
Depreciation, depletion, amortization	\$ 59,984	\$ 35	\$ --	\$ 60,019
Capital expenditures and additions to intangibles	\$ 90,505	\$ 13	\$ --	\$ 90,518



	AMERICAS	EUROPE	CORPORATE	TOTAL
	-----	-----	-----	-----
BALANCE SHEET DATA:				
TWENTY-SIX WEEKS ENDED 6/30/2002			(In thousands)	
Total Assets	\$1,595,007	\$2,375,128	\$ --	\$3,970,135
Equity Investments	\$ 105,065	\$ 95,971	\$ --	\$ 201,036
YEAR ENDED DECEMBER 30, 2001				
Total Assets	\$1,719,448	\$ 20,244	\$ --	\$1,739,692
Equity Investments	\$ 94,785	\$ --	\$ --	\$ 94,785

The following table represents sales by geographic segment:

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	-----	-----	-----	-----
	JUNE 30,	JULY 1,	JUNE 30,	JULY 1,
	2002	2001	2002	2001
	-----	-----	-----	-----
				(In thousands)
Net sales to unaffiliated customers (1):				
United States and its territories	\$ 639,002	\$ 675,473	\$1,170,921	\$1,204,966
United Kingdom	365,865	999	560,211	1,815
Other foreign countries	19,102	16,228	32,159	29,619
Net sales	\$1,023,969	\$ 692,700	\$1,763,291	\$1,236,400
	=====	=====	=====	=====

	FOR THE PERIOD ENDED	
	-----	-----
	JUNE 30,	DECEMBER 30,
	2002	2001
	-----	-----
		(In thousands)
Long-lived assets (2):		
United States and its territories	\$ 971,677	\$ 955,615
United Kingdom	1,504,639	231
Other foreign countries	274	153
Total long-lived assets	\$2,476,590	\$ 955,999
	=====	=====

(1) Net sales attributed to geographic areas is based on the location of the customer.

(2) Long-lived assets include tangible and intangible assets physically located in foreign countries.

## 5. CHANGE IN ACCOUNTING PRINCIPLE

In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards No. 141, "Business Combinations," (SFAS 141) and No. 142, "Goodwill and Other Intangible Assets," (SFAS 142). SFAS 141 requires that all business combinations be accounted for using the purchase method of accounting and that certain intangible assets acquired in a business combination be recognized as assets apart from goodwill. SFAS 141 was effective for all business combinations initiated after June 30, 2001. SFAS 142 requires goodwill to be tested for impairment under certain circumstances, and written down when impaired, rather than being amortized as previously required. Furthermore, SFAS 142 requires purchased intangible assets other than goodwill to be amortized over their useful lives unless those lives are determined to be indefinite. Purchased intangible assets are carried at cost less accumulated amortization.

SFAS 142 is effective for fiscal years beginning after December 15, 2001 and accordingly we adopted the provisions of the standard effective the beginning of fiscal 2002. In accordance with SFAS 142, we ceased amortizing goodwill totaling \$69.2 million, including \$62.2 million related to our U.S. joint venture investment with Molson, Inc., as of the beginning of fiscal 2002. We also ceased amortizing approximately \$7.2 million of other net intangible assets that we considered to have indefinite lives. We also have \$21.1 million of other intangible assets that have indefinite lives that were previously not amortized. As a result, during the three month period ended June 30, 2002, we did not recognize pre-tax amortization of goodwill and other intangibles totaling \$0.4 million and \$0.1 million, respectively, that would have been recognized had the previous standards still been in effect. Further, during the six month period ended June 30, 2002, we did not recognize pre-tax amortization of goodwill and other intangibles totaling \$0.8 million and \$0.2 million, respectively.

There was no impairment of goodwill upon adoption of SFAS 142. We are required to perform goodwill impairment tests on at least an annual basis and more frequently in certain circumstances. We plan to perform our required annual impairment test during the second half of 2002.

The following tables present details of our intangible assets as of June 30, 2002 (in millions):

	USEFUL LIFE ----- (YEARS)	GROSS -----	ACCUMULATED AMORTIZATION -----	NET -----
Intangible assets subject to amortization:				
Brand names and distribution rights	2-20	\$ 113.9	\$ (6.1)	\$ 107.8
Patents and technology and distribution channels	3-10	27.6	(1.8)	25.8
Other	5-34	22.5	(5.7)	16.8
Intangible assets not subject to amortization:				
Brand names	Indefinite	307.4	--	307.4
Pension	N/A	48.3	--	48.3
Other	Indefinite	28.8	(0.5)	28.3

We engaged third-party business valuation appraisers to help us determine the fair value of the intangible assets in connection with our acquisition of what is now called Coors Brewers Limited. The allocation of purchase price for the Coors Brewers Limited acquisition is subject to further adjustments. We are evaluating the pension plan actuarial valuation and certain restructuring plans of the acquired business. Note that the amounts reflected in the table above as of June 30, 2002, have fluctuated from the original purchase price allocation at February 2, 2002, due to the change in the pound sterling exchange rate between these dates.

Based on average foreign exchange rates, the estimated future amortization expense of intangible assets is as follows (in millions):

FISCAL YEAR -----	AMOUNT -----
2003	\$ 18.4
2004	\$ 16.7
2005	\$ 11.5
2006	\$ 11.1
2007	\$ 7.4

Amortization expense of intangible assets was \$11.7 million and \$1.0 million for the six months ended June 30, 2002 and July 1, 2001, respectively.

The following table presents the changes in goodwill during the first six months of fiscal 2002 allocated to the reportable segments (in millions):

SEGMENT	DECEMBER 31, 2001	ACQUIRED	ADJUSTMENTS	BALANCE AT JUNE 30, 2002
Americas	\$ 69.2	\$ 115.1	\$ 9.5	\$ 193.8
Europe	--	453.2	36.3	489.5

The adjustments during the first six months of fiscal 2002 include \$1.1 million related to purchase price accounting adjustments and \$44.7 million resulting from the foreign currency exchange rate change between February 2, 2002, the date of our acquiring Coors Brewers Limited, and June 30, 2002. Americas goodwill includes approximately \$62.2 million related to our joint venture investment in Molsen USA LLC

## 6. SPECIAL CREDIT (CHARGE)

In the thirteen weeks ended June 30, 2002, we recorded a special credit of \$1.6 million related to the cash settlement of a legal dispute with our former partner in a brewing business in South Korea. We are expecting to receive additional payments in 2002 and 2003. As we are continuing to assess the collectibility, we have not recognized any additional amounts owed us in our accounts receivable balance at June 30, 2002. The special credit was offset by \$0.5 million of transition expenses related to the newly acquired U.K. business, including accounting, appraisal and legal fees. During the twenty-six weeks ended June 30, 2002, we recorded a special charge of \$1.8 million primarily related to transition expenses noted above offset by the special credit recorded in the second quarter of 2002. In the second quarter of 2001, we recorded a special charge of \$1.1 million for incremental consulting, legal and other costs incurred in preparations to restructure and outsource our information technology infrastructure with EDS.

## 7. OTHER COMPREHENSIVE INCOME

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2002	JULY 1, 2001	JUNE 30, 2002	JULY 1, 2001
		(In thousands)		
Net income	\$ 67,616	\$ 49,852	\$ 94,819	\$ 68,180
Other comprehensive income (expense), net of tax:				
Foreign currency translation adjustments	42,049	603	42,201	522
Unrealized (loss) gain on available-for-sale securities and derivative instruments	(374)	(175)	(1,667)	933
Reclassification adjustment for net loss (gains) realized in net income on derivative instruments	1,669	(855)	2,202	(2,878)
Comprehensive income	\$110,960	\$ 49,425	\$137,555	\$ 66,757

## 8. EARNINGS PER SHARE (EPS)

Basic and diluted net income per common share were arrived at using the calculations outlined below:

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JUNE 30, 2002	JULY 1, 2001	JUNE 30, 2002	JULY 1, 2001
	(In thousands, except per share data)			
Net income available to common shareholders	\$67,616 =====	\$49,852 =====	\$94,819 =====	\$68,180 =====
Weighted average shares for basic EPS	36,117	37,284	36,045	37,244
Effect of dilutive securities:				
Stock options	546	230	411	353
Contingent shares not included in shares outstanding for basic EPS	21	6	21	7
Weighted average shares for diluted EPS	36,684 =====	37,520 =====	36,477 =====	37,604 =====
Basic EPS	\$ 1.87 =====	\$ 1.34 =====	\$ 2.63 =====	\$ 1.83 =====
Diluted EPS	\$ 1.84 =====	\$ 1.33 =====	\$ 2.60 =====	\$ 1.81 =====

The dilutive effects of stock options were determined by applying the treasury stock method, assuming we were to purchase common shares with the proceeds from stock option exercises. Stock options to purchase 1,399 shares of common stock were not included in the computation of first quarter 2002 earnings per share because the stock options' exercise prices were greater than the average market price of the common shares.

## 9. COMMITMENTS AND CONTINGENCIES

We were one of a number of entities named by the Environmental Protection Agency (EPA) as a potentially responsible party (PRP) at the Lowry Superfund site. This landfill is owned by the City and County of Denver (Denver), and was managed by Waste Management of Colorado, Inc. (Waste Management). In 1990, we recorded a special pretax charge of \$30 million, a portion of which was put into a trust in 1993 as part of an agreement with Denver and Waste to settle the outstanding litigation related to this issue.

Our settlement was based on an assumed cost of \$120 million (in 1992 adjusted dollars). It requires us to pay a portion of future costs in excess of that amount.

In January 2002, in response to the EPA's five-year review conducted in 2001, Waste Management provided us with updated annual cost estimates through 2032. We have reviewed these cost estimates in the assessment of our accrual related to this issue. In determining that the current accrual is adequate, we eliminated certain costs included in Waste Management's estimates, primarily trust management costs that will be accrued as incurred, certain remedial costs for which technology has not yet been developed and income taxes which we do not believe to be an included cost in the determination of when the \$120 million threshold is reached. We generally used a 2% inflation rate for future costs, and discounted certain operations and maintenance costs at the site that we deemed to be determinable, at a 5.46% risk-free rate of return. Based on these assumptions, the present value and gross amount of discounted costs are approximately \$1 million and \$4 million, respectively. We did not assume any future recoveries from insurance companies in the estimate of our liability.

There are a number of uncertainties at the site, including what additional remedial actions will be required by the EPA, and what costs are included in the determination of when the \$120 million threshold is reached. Because of these issues, the estimate of our liability may change as facts further develop, and we may need to increase the reserve. While we cannot predict the amount of any such increase, an additional accrual of as much as \$25 million is reasonably possible based on our preliminary evaluation, with additional cash contributions possibly beginning no earlier than 2013.

We were one of several parties named by the EPA as a PRP at the Rocky Flats Industrial Park site. In September 2000, the EPA entered into an Administrative Order on Consent with certain parties, including our company, requiring implementation of a removal action. Our projected costs to construct and monitor the removal action are approximately \$300,000. The EPA will also seek to recover its oversight costs associated with the project which are not possible to estimate at this time. However, we believe they would be immaterial to our operating results, cash flows and financial position.

From time to time, we have been notified that we are or may be a 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.

In addition, 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.

While we cannot predict our eventual aggregate cost for our 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.

## **10. DEBT**

### **6 3/8% Senior Notes due 2012**

On May 7, 2002, Coors Brewing Company completed a private placement of \$850 million principal amount of 6 3/8% Senior notes, due 2012, with interest payable semi-annually. The notes were priced at 99.596% of par for a yield to maturity of 6.43%, are unsecured, are not subject to any sinking fund provision and include a redemption provision (make-whole provision) which allows us to retire the notes at whole or any time at a redemption price. The redemption price is equal to the greater of (1) 100% of the principal amount of the notes plus accrued and unpaid interest and (2) the make whole amount of the notes being redeemed, which is equal to the present value of the principal amount of the notes and interest to be redeemed. The notes were issued with registration rights and are guaranteed by Adolph Coors Company and certain domestic subsidiaries. Net proceeds from the sale of the notes, after deducting estimated expenses and underwriting fees, were approximately \$841 million. The net proceeds and cash on hand were used to (1) repay the \$750 million of loans outstanding under our senior unsecured bridge facility which we entered into in connection with our acquisition of Coors Brewers Limited and (2) to repay approximately \$91 million of outstanding term borrowings under our senior unsecured credit facilities.

### **Senior Private Placement Notes**

At June 30, 2002, we had \$100 million in unsecured Senior notes at fixed interest rates ranging from 6.76% to 6.95% per annum. Interest on the notes is due semi-annually in January and July. At the end of the second quarter 2002, \$80 million was classified as current in the current portion of long-term debt. The remaining principal amount outstanding is due in July of 2005 and appropriately classified as long-term debt. In July 2002, we made an \$80 million principal payment related to the current portion (see Subsequent Event footnote). Our private placement notes require that we conduct our business with certain restrictions on indebtedness, liens, mergers, consolidations, asset sales and certain other types of business activities in which we can engage. We were in compliance with these requirements at June 30, 2002.

### **Senior Credit Facility**

At June 30, 2002, we had \$651.6 million in unsecured Senior Credit facilities consisting of a U.S. dollar amortizing term loan in an aggregate principal amount of \$302.0 million and a 228.0 million British pound amortizing term loan. Based on foreign exchange rates at June 30, 2002, aggregate principal amounts outstanding related to the 228.0 British pound amortizing term loan were \$349.6 million.

Amounts outstanding under our term loan bear interest, at our option, at a rate per annum equal to either an adjusted LIBOR or an alternate rate, in each case plus an additional margin. The additional margin is set based upon our investment grade debt rating which is BBB+ (S&P) and Baa2 (Moody's). If our debt rating changes, the additional margin is subject to adjustment. Interest is payable quarterly unless the selected LIBOR is for a time period less than 90 days, in which case the interest is payable in the time period corresponding to the selected LIBOR.

Our term loan is payable quarterly in arrears beginning June 27, 2003, and matures February 1, 2007. During the thirteen weeks ended June 30, 2002, we repaid approximately \$176 million on our five year amortizing term loan. On July 24, 2002, we made an additional \$10 million payment (See Subsequent Event footnote 13).

We and all of our existing and future, direct and indirect, domestic subsidiaries, other than immaterial domestic subsidiaries, have guaranteed our term loan.

Our term loan requires us to meet certain periodic financial tests, including maximum total leverage ratio and minimum interest coverage ratio. There are also certain restrictions on indebtedness, liens and guarantees; mergers, consolidations and some types of acquisitions and assets sales; and certain types of business in which we can engage. As of June 30, 2002, we were in compliance with all of these restrictions. We expect to timely repay this facility in accordance with its terms.

Our total long-term borrowings as of June 30, 2002, were composed of the following:

DESCRIPTION	AS OF JUNE 30, 2002	AS OF DECEMBER 30, 2001
-----	-----	-----
	(In thousands)	
Private placement	\$ 100,000	\$ 100,000
6 3/8% Senior notes due 2012	846,616	--
USD amortizing term loan	302,000	--
GBP 228 amortizing term loan	349,638	--
Other	21,829	5,000
	-----	-----
Total debt	1,620,083	105,000
Less current portion of long-term debt	(106,708)	(85,000)
	-----	-----
Total long-term debt	\$ 1,513,375	\$ 20,000
	=====	=====



The aggregate principal debt maturities of long-term debt for the next five fiscal years are as follows:

	AMOUNT
	-----
	(In thousands)
2002	\$ --
2003	43,875
2004	128,094
2005	204,005
2006	215,985
2007	71,766
Thereafter	849,650
	-----
Total	\$1,513,375
	=====

## 11. DERIVATIVE INSTRUMENTS

In the normal course of business, we are exposed to fluctuations in interest rates, the value of foreign currencies and production and packaging materials prices. We have established policies and procedures that govern the management of these exposures through the use of a variety of financial instruments. By policy, we do not enter into such contracts for trading purposes or for the purpose of speculation.

Our objective in managing our exposure to fluctuations in interest rates, foreign currency exchange rates and production and packaging materials prices is to decrease the volatility of earnings and cash flows associated with changes in the underlying rates and prices. To achieve this objective, we enter into foreign currency forward contracts, commodity swaps, interest rate swaps and cross currency swaps, the values of which change in the opposite direction of the anticipated cash flows. We do not hedge the value of net investments in foreign-currency-denominated operations or translated earnings of foreign subsidiaries. Our primary foreign currency exposures are the British pound (GBP), the Canadian dollar (CAD) and the Japanese yen (YEN).

Derivatives are either exchange-traded instruments that are highly liquid, or over-the-counter instruments with highly rated financial institutions. No credit loss is anticipated because the counterparties to over-the-counter instruments generally have long-term ratings from S&P or Moody's that are no lower than A or A2, respectively. In some instances we and our counterparties have reciprocal collateralization agreements with regard to fair value positions in excess of certain thresholds. These agreements call for the posting of collateral in the form of cash, treasury securities or letters of credit if a fair value loss position to us or our counterparties exceeds a certain amount. At June 30, 2002, no collateral was posted by us or our counterparties.

All derivatives are recognized on the balance sheet at their fair value. Unrealized gain positions are recorded as other current assets or other non-current assets. Unrealized loss positions are recorded as accrued liabilities or other non-current liabilities.

Substantially all derivatives entered into by the Company qualify for and are designated as foreign-currency, commodity cash flow and fair value hedges, including those hedging foreign currency denominated firm commitments.

The Company considers whether any provisions in non-derivative contracts represent "embedded" derivative instruments as described in SFAS 133. As of June 30, 2002, we have concluded that no "embedded" derivative instruments warrant separate fair value accounting under SFAS 133.

Changes in fair values of outstanding derivatives that are highly effective are recorded in other comprehensive income, until earnings are affected by the variability of cash flows of the hedged transaction. In most cases amounts recorded in other comprehensive income will be released to earnings at maturity of the related derivative. The consolidated statement of income classification of effective hedge results is the same as that of the underlying exposure.

We formally document all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking hedge transactions. This process includes linking all derivatives that are designated as foreign-currency and commodity cash flow hedges to either specific assets and liabilities on the balance sheet or specific firm 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 when (1)the derivative is no longer highly effective in offsetting changes in the cash flows of a hedged item (including hedged items such as firm commitments or forecasted transactions);(2)the derivative expires or is sold, terminated, or exercised;(3)it is no longer probable that the forecasted transaction will occur; or(4)management determines that designating the derivative as a hedging instrument is no longer appropriate.

When we discontinue hedge accounting because it is no longer probable that the forecasted transaction will occur in the originally expected period, the 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 probable that a forecasted transaction will not occur by the end of the originally specified time period or within an additional two-month period of time thereafter, the gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we will 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 is recorded in current-period earnings. In the quarter ended June 30, 2002, we recorded in other expense an insignificant loss relating to such ineffectiveness of all derivatives. Effectiveness is assessed based on forward rates.

As of June 30, 2002, \$4.4 million of deferred net losses (net of tax) on both outstanding and matured derivatives accumulated in other comprehensive income are expected to be reclassified to earnings during the next twelve months as a result of underlying hedged transactions also being recorded in earnings. Actual amounts ultimately reclassified to earnings are dependent on the applicable rates in effect when derivatives contracts that are currently outstanding mature. As of June 30, 2002, the maximum term over which we are hedging exposures to the variability of cash flows for all forecasted and recorded transactions is 10 years.

We are exposed to credit-related losses in the event of non-performance by counterparties to hedging instruments and do not enter into master netting arrangements. The counterparties to derivative transactions are major financial institutions with high investment grade credit ratings and, additionally, counterparties to derivatives three years or greater are A or better rated. However, this does not eliminate our exposure to credit risk with these institutions. 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 guidelines that are continually monitored and reported to senior management according to prescribed guidelines. We utilize a portfolio of financial institutions either headquartered or operating in the same countries we conduct our business. As a result of the above considerations, we consider the risk of counterparty default to be minimal.

On May 7, 2002, we entered into certain cross currency swaps totaling Pound Sterling 530 million (approximately \$774 million). The swaps included an initial exchange of principal on the date of the private placement of our 6 3/8% fixed rate debt (see Debt footnote 10) and will require final principal exchange 10 years later. The swaps also call for an exchange of fixed British pound interest payments for fixed U.S. dollar interest receipts. At the initial principal exchange, we paid U.S. dollars to a counterparty and received British pounds. Upon final exchange, we will provide British pounds to the counterparty and receive U.S. dollars. The cross currency swaps have been designated as cash flow hedges of the changes in value of the future British pound interest and principal receipts on an intercompany loan between us and our Europe subsidiary that results from changes in the U.S. dollar to British pound exchange rates.

On the same day as the settlement of our private placement offering and initial exchange of principal amounts associated with our swap transactions, we were required to settle our previously established forward sale of 530 million British pounds. The settlement of all these transactions in aggregate resulted in a foreign exchange loss of approximately \$30 million, almost all of which was offset by a foreign exchange gain on our intercompany loan.

On June 28, 2002, we entered into an interest rate swap agreement related to our 6.375% fixed rate debt. The interest rate swap converted \$76.2 million notional amount from fixed rates to floating rates and mature in 2012. We will receive fixed U.S. dollar interest payments semi-annually at a rate of 6.375% per annum and pay a rate to our counterparty based on a credit spread of 0.789% plus the three-month LIBOR rate, thereby exchanging a fixed interest obligation for a floating interest rate obligation. There was no exchange of principal at the inception of the swap. We designated the interest rate swap as a fair value hedge of the changes in the fair value of the \$76.2 million fixed rate debt attributable to changes in the LIBOR swap rates.

## 12. SUPPLEMENTAL GUARANTOR INFORMATION

On May 7, 2002, our wholly owned subsidiary, Coors Brewing Company ("Issuer of Notes"), completed a private placement of \$850 million principal amount of 6 3/8% Senior notes due 2012. The notes were issued with registration rights and are jointly and severally guaranteed on a senior and unsecured basis by Adolph Coors Company ("Parent Guarantor") and certain domestic subsidiaries ("Subsidiary Guarantors"). A significant amount of the Issuers income and cash flow is generated by its subsidiaries. As a result, funds necessary to meet the Issuer's debt service obligations are provided in large part by distributions or advances from its subsidiaries. Under certain circumstances, contractual and legal restrictions, as well as our financial condition and operating requirements and those of certain domestic subsidiaries, could limit the Issuer's ability to obtain cash from us and certain subsidiaries for the purpose of meeting its debt service obligation including the payment of principal and interest on the notes.

The following information sets forth our condensed consolidating balance sheet as of June 30, 2002, and the condensed consolidating statements of operations and cash flows for the twenty-six weeks and thirteen weeks ended June 30, 2002 and July 1, 2001. Investments in our subsidiaries are accounted for on the equity method; accordingly, entries necessary to consolidate the Parent Guarantor, Issuer of Notes, and all of its subsidiaries are reflected in the elimination column. Separate complete financial statements of the Issuer and the Subsidiary Guarantors would not provide additional material information that would be useful in assessing the financial composition of the Guarantors.

**ADOLPH COORS COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATING STATEMENTS OF INCOME**

For the thirteen-weeks ended June 30, 2002

(In thousands)

	Parent Guarantor	Issuer of Notes	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales - domestic and international	\$ --	\$ 720,107	\$ 18,288	\$ 600,830	\$ --	\$ 1,339,225
Beer excise taxes	--	(111,785)	(549)	(202,922)	--	(315,256)
Net sales	--	608,322	17,739	397,908	--	1,023,969
Cost of goods sold	--	(371,844)	(8,569)	(235,807)	--	(616,220)
Equity in subsidiary earnings	60,562	33,407	--	--	(93,969)	--
Gross profit	60,562	269,885	9,170	162,101	(93,969)	407,749
Marketing, general and administrative	--	(81)	(180,002)	(6,986)	(99,242)	--
Special charges	--	1,074	--	--	--	(286,311)
Operating income	60,481	90,957	2,184	62,859	(93,969)	122,512
Gain on sale of distributorship	--	--	--	--	--	--
Interest income	4,508	93	--	1,746	--	6,347
Interest expense	(1,735)	(3,797)	15,826	(29,857)	--	(19,563)
Other income (expense)	8,741	(9,371)	11,750	(13,691)	--	(2,571)
Income before income taxes	71,995	77,882	29,760	21,057	(93,969)	106,725
Income tax expense	(4,379)	(17,034)	(11,378)	(6,318)	--	(39,109)
Net income	\$ 67,616	\$ 60,848	\$ 18,382	\$ 14,739	\$ (93,969)	\$ 67,616

**ADOLPH COORS COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATING STATEMENTS OF INCOME**

For the thirteen-weeks ended July 1, 2001

(In thousands)

	Parent Guarantor	Issuer of Notes	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales - domestic and international	\$ --	\$ 758,392	\$ 37,068	\$ 14,269	\$ --	\$ 809,729
Beer excise taxes	--	(112,548)	(1,506)	(2,975)	--	(117,029)
Net sales	--	645,844	35,562	11,294	--	692,700
Cost of goods sold	--	(404,461)	(26,045)	5,626	--	(424,880)
Equity in subsidiary earnings	48,704	5,126	--	--	(53,830)	--
Gross profit	48,704	246,509	9,517	16,920	(53,830)	267,820
Marketing, general and administrative	78	(180,926)	(8,366)	(5,404)	--	(194,618)
Special charges	--	(1,084)	--	--	--	(1,084)
Operating income	\$ 48,782	\$ 64,499	\$ 1,151	\$ 11,516	\$ (53,830)	\$ 72,118
Gain on sale of distributorship	--	--	2,900	--	--	2,900
Interest income	3,388	885	--	114	--	4,387
Interest expense	(1,767)	1,439	--	--	--	(328)
Other income (expense)	133	8,416	218	(7,624)	--	1,143
Income before income taxes	50,536	75,239	4,269	4,006	(53,830)	80,220
Income tax expense	(684)	(26,542)	(1,619)	(1,523)	--	(30,368)
Net income	\$ 49,852	\$ 48,697	\$ 2,650	\$ 2,483	\$ (53,830)	\$ 49,852
	=====	=====	=====	=====	=====	=====

ADOLPH COORS COMPANY AND SUBSIDIARIES CONDENSED CONSOLIDATING STATEMENTS OF INCOME For the twenty-six weeks ended June 30, 2002

(In thousands)

	Parent Guarantor	Issuer of Notes	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
	-----	-----	-----	-----	-----	-----
Sales - domestic and international	\$ --	\$ 1,299,888	\$ 33,708	\$ 943,385	\$ --	\$ 2,276,981
Beer excise taxes	--	(201,724)	(992)	(310,974)	--	(513,690)
	-----	-----	-----	-----	-----	-----
Net sales	--	1,098,164	32,716	632,411	--	1,763,291
Cost of goods sold	--	(691,250)	(19,820)	(380,994)	--	(1,092,064)
Equity in subsidiary earnings	80,970	48,430	--	--	(129,400)	--
	-----	-----	-----	-----	-----	-----
Gross profit	80,970	455,344	12,896	251,417	(129,400)	671,227
Marketing, general and administrative	(165)	(330,106)	(12,838)	(158,616)	--	(501,725)
Special charges	--	(1,802)	--	--	--	(1,802)
	-----	-----	-----	-----	-----	-----
Operating income	80,805	123,436	58	92,801	(129,400)	167,700
Gain on sales of distributorships	--	--	--	--	--	--
Interest income	8,376	454	30	1,748	--	10,608
Interest expense	323	(9,510)	10,283	(30,069)	--	(28,973)
Other income (expense)	14,960	(5,220)	23,059	(30,443)	--	2,356
	-----	-----	-----	-----	-----	-----
Income before income taxes	104,464	109,160	33,430	34,037	(129,400)	151,691
Income tax expense	(9,645)	(21,398)	(15,398)	(10,431)	--	(56,872)
	-----	-----	-----	-----	-----	-----
Net income	\$ 94,819	\$ 87,762	\$ 18,032	\$ 23,606	\$ (129,400)	\$ 94,819
	=====	=====	=====	=====	=====	=====



**ADOLPH COORS COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATING STATEMENTS OF INCOME**

For the twenty-six weeks ended July 1, 2001

(In thousands)

	Parent Guarantor	Issuer of Notes	Subsidiary Guarantors	Non Guarantors	Eliminations	Consolidated
Sales - domestic and international	\$ --	\$ 1,357,792	\$ 62,205	\$ 27,560	\$ --	\$ 1,447,557
Beer excise taxes	--	(202,419)	(3,048)	(5,690)	--	(211,157)
Net sales	--	1,155,373	59,157	21,870	--	1,236,400
Cost of goods sold	--	(734,309)	(43,120)	1,396	--	(776,033)
Equity in subsidiary earnings	63,845	1,246	--	--	(65,091)	--
Gross profit	63,845	422,310	16,037	23,266	(65,091)	460,367
Marketing, general and administrative	-- (109)	(336,040)	(16,143)	(12,284)	--	(364,576)
Special charges	--	(1,084)	--	--	--	(1,084)
Operating income	63,736	85,186	(106)	10,982	(65,091)	94,707
Gain on sale of distributorship	--	--	2,900	--	--	2,900
Interest income	7,778	1,041	--	180	--	8,999
Interest expense	(3,784)	2,645	--	--	--	(1,139)
Other income (expense)	3,087	13,473	218	(12,463)	--	4,315
Income before income taxes	70,817	102,345	3,012	(1,301)	(65,091)	109,782
Income tax expense	(2,637)	(38,317)	(1,142)	494	--	(41,602)
Net income	\$ 68,180	\$ 64,028	\$ 1,870	\$ (807)	\$ (65,091)	\$ 68,180

**ADOLPH COORS COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATING BALANCE SHEETS**  
**As of June 30, 2002**  
(In thousands)

	Parent Guarantor	Issuer of Notes	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
	-----	-----	-----	-----	-----	-----
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 42,600	\$ 2,029	\$ 1,995	\$ 91,482	\$ --	\$ 138,106
Accounts receivable, net	--	138,252	13,660	337,475	--	489,387
Notes receivable, net	78	41,265	1,130	59,221	--	101,694
Total inventories	--	95,142	9,065	100,665	--	204,872
Total Other current assets	--	63,367	1,960	31,453	--	96,780
Total current assets	----- 42,678	----- 340,055	----- 27,810	----- 620,296	----- --	----- 1,030,839
Properties, at cost and net	--	827,929	25,668	467,543	--	1,321,140
Goodwill	--	122,055	(103,736)	602,736	--	621,055
Other Intangibles, net	--	76,751	86,049	371,595	--	534,395
Investments in joint ventures	--	99,622	--	101,414	--	201,036
Net investment in and advances to subs	1,043,052	1,808,477	--	--	(2,851,529)	--
Other assets	4,813	79,691	136,771	172,691	--	393,966
Total assets	----- \$ 1,090,543 =====	----- \$ 3,354,580 =====	----- \$ 172,562 =====	----- \$ 2,336,275 =====	----- \$(2,851,529) =====	----- \$ 4,102,431 =====
<b>Liabilities and Shareholders' Equity</b>						
[GRAPH]						
Current liabilities:						
Accounts payable	\$ --	212,166	\$ 2,325	\$ 112,202	--	\$ 326,693
Accrued salaries and vacations	--	46,979	1,129	5,554	--	53,662
Taxes, other than income taxes	--	33,703	709	110,478	--	144,890
Accrued expenses and other liabilities	(77,446)	198,857	38,184	213,560	--	373,155
Current portion of long-term debt	80,000	22,109	--	4,599	--	106,708
Total current liabilities	----- 2,554	----- 513,814	----- 42,347	----- 446,393	----- --	----- 1,005,108
Long-term debt	--	1,513,375	--	--	--	1,513,375
Deferred tax liability	(3,630)	64,762	(666)	171,223	--	231,689
Other long-term liabilities	6,753	220,728	4	39,908	--	267,393
Total liabilities	----- 5,677	----- 2,312,679	----- 41,685	----- 657,524	----- --	----- 3,017,565
Total shareholders' equity	----- 1,084,866	----- 1,041,901	----- 130,877	----- 1,678,751	----- (2,851,529)	----- 1,084,866
Total liabilities and shareholders' equity	----- \$ 1,090,543 =====	----- \$ 3,354,580 =====	----- \$ 172,562 =====	----- \$ 2,336,275 =====	----- \$(2,851,529) =====	----- \$ 4,102,431 =====

**ADOLPH COORS COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**

For the twenty-six weeks ended June 30, 2002

(In thousands)

(Unaudited)

	Parent Guarantor	Issuer of Notes	Subsidiary Guarantor	Subsidiary Non Guarantor	Consolidated
	-----	-----	-----	-----	-----
Net cash provided by (used in) operating activities	\$ 8,851	\$ 32,063	\$ 18,637	\$ 36,735	\$ 96,286
	-----	-----	-----	-----	-----
Cash flows from investing activities:					
Sales and maturities of securities	232,758	--	--	--	232,758
Additions to properties and intangible assets	(185)	(76,332)	93,655	(121,641)	(104,503)
Acquisition of Coors Brewers Limited, net of cash acquired	--	(115,105)	(93,396)	(1,379,847)	(1,588,348)
Proceeds from sales of properties	--	496	--	12,662	13,158
Other	--	201	(331)	377	247
	-----	-----	-----	-----	-----
Net cash provided by (used in) investing activities	232,573	(190,740)	(72)	(1,488,449)	(1,446,688)
	-----	-----	-----	-----	-----
Cash flows from financing activities:					
Issuances of stock under stock plans	11,381	--	--	--	11,381
Proceeds from long-term debt	--	2,391,955	--	(20)	2,391,935
Payments on short-term and long-term debt	(5,000)	(925,599)	--	4,599	(926,000)
Dividends paid	(14,796)	--	--	--	(14,796)
Overdraft balances	--	(54,112)	--	--	(54,112)
Net activity in investment in and advances (to) from subsidiaries	(248,974)	(1,256,328)	(17,294)	1,522,596	--
	-----	-----	-----	-----	-----
Net cash (used in) provided by financing activities	(257,389)	155,916	(17,294)	1,527,175	1,408,408
	-----	-----	-----	-----	-----
Cash and cash equivalents:					
Net increase (decrease) in cash and cash equivalents	(15,965)	(2,761)	1,271	75,461	58,006
Effect of exchange rate changes on cash and cash equivalents	--	--	--	2,967	2,967
Balance at beginning of year	58,565	4,790	724	13,054	77,133
	-----	-----	-----	-----	-----
Balance at end of quarter	\$ 42,600	\$ 2,029	\$ 1,995	\$ 91,482	\$ 138,106
	-----	-----	-----	-----	-----

**ADOLPH COORS COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**

For the twenty-six weeks ended July 1, 2001

(In thousands)

(Unaudited)

	Parent Guarantor	Issuer of Notes	Subsidiary Guarantor	Subsidiary Non Guarantor	Consolidated
	-----	-----	-----	-----	-----
Net cash provided by (used in) operating activities	\$ (22,763)	\$ 144,038	\$ (4,508)	\$ (7,480)	\$ 109,287
Cash flows from investing activities:					
Purchases of securities	(171,174)	--	--	--	(171,174)
Sales and maturities of securities	207,925	--	--	--	207,925
Additions to properties and intangible assets	--	(86,652)	(3,904)	38	(90,518)
Proceeds from sales of properties	--	60	8,253	--	8,313
Investment in Molson USA, LLC	--	(65,000)	--	--	(65,000)
Other	--	13,271	--	284	13,555
	-----	-----	-----	-----	-----
Net cash provided by (used in) investing activities	36,751	(138,321)	4,349	322	(96,899)
	-----	-----	-----	-----	-----
Cash flows from financing activities:					
Issuances of stock under stock plans	9,861	--	--	--	9,861
Purchases of stock	(9,117)	--	--	--	(9,117)
Dividends paid	(14,539)	--	--	--	(14,539)
Overdraft balances	--	(43,403)	--	--	(43,403)
Net activity in investment in and advances (to) from subsidiaries	(42,040)	40,298	1,321	421	--
Other	--	--	--	3,737	3,737
	-----	-----	-----	-----	-----
Net cash provided by (used in) financing activities	(55,835)	(3,105)	1,321	4,158	(53,461)
	-----	-----	-----	-----	-----
Cash and cash equivalents:					
Net increase (decrease) in cash and cash equivalents	(41,847)	2,612	1,162	(3,000)	(41,073)
Effect of exchange rate changes on cash and cash equivalents	--	--	--	(759)	(759)
Balance at beginning of year	114,545	(2,111)	2,322	5,005	119,761
	-----	-----	-----	-----	-----
Balance at end of quarter	\$ 72,698	\$ 501	\$ 3,484	\$ 1,246	\$ 77,929
	-----	-----	-----	-----	-----

### 13. SUBSEQUENT EVENTS

On July 1, 2002, Rocky Mountain Metal Container(RMMC), our can and end joint venture with Ball Corporation ("Ball") as planned increased its debt obligations to \$50 million. The debt obligation at June 30, 2002, is the maximum contemplated under the private placement agreement. The debt proceeds will be used to finance planned capital improvements. RMMC's debt is secured by the joint venture's various supply and access agreements with no recourse to either us or Ball. This debt is not included in our financial statements as the joint venture is accounted for under the equity method.

On July 15, 2002 we repaid \$80 million of outstanding term borrowings under our unsecured Senior Private Placement Notes.

On July 24, 2002, we repaid \$10 million of our outstanding term borrowing under our five year Senior Credit Facility.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### INTRODUCTION

We acquired the Carling business in England and Wales from Interbrew S.A. on February 2, 2002. Since the acquisition was finalized in 2002, the operating results and financial position of the Carling business are not included in our second quarter 2001 results discussed below. This acquisition will have a significant impact on our future operating results and financial condition. The Carling business, which was subsequently renamed Coors Brewers Limited, generated sales volume of approximately 9 million barrels in 2001. Since 1995, the business has, on average, grown its volumes by 1.9% per year, despite an overall decline in the U.K. beer market over the same period. This acquisition was funded through cash and third-party debt as reflected in our consolidated balance sheet. The borrowings will have a significant impact on our capitalization, interest coverage and free cash flow trends. See further discussion of this impact in the Liquidity section below.

### CRITICAL ACCOUNTING POLICIES

Our discussions and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate the continued appropriateness of our accounting policies and estimates, including those related to customer programs and incentives, bad debts, inventories, product retrieval, investments, intangible assets, income taxes, pension and other post-retirement benefits and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant estimates and judgments used in the preparation of our consolidated financial statements:

#### Revenue recognition

Revenue is recognized upon shipment of our product to distributors in the Americas segment. In the Europe segment, revenue is recognized upon shipment of our product to retailers. If we believe that our products do not meet our high quality standards, we retrieve those products and they are destroyed. Any revenue related to products sold and subsequently returned is recognized as a reduction of sales at the value of the original sales price and is recorded at the time of the retrieval. Using historical results and production volumes, we estimate the costs that are probable of being incurred for product retrievals and record those costs in Cost of goods sold in the Consolidated Income Statements each period.

## Valuation allowance

We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. While we consider future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of its net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Likewise, should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

## Allowance for obsolete inventory

We write down our inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about historic usage, future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

## Reserves for insurance deductibles

We carry deductibles for workers' compensation, automobile and general liability claims up to a maximum amount per claim. The undiscounted estimated liability is accrued based on an actuarial determination. This determination is impacted by assumptions made and actual experience.

## Contingencies, environmental and litigation reserves

When we determine that it is probable that a liability for environmental matters or other legal actions has been incurred 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.

## Goodwill and intangible asset valuation

In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards No. 141, "Business Combinations," (SFAS 141) and No. 142, "Goodwill and Other Intangible Assets," (SFAS 142). SFAS 141 requires that all business combinations be accounted for using the purchase method of accounting and that certain intangible assets acquired in a business combination be recognized as assets apart from goodwill. SFAS 141 was effective for all business combinations initiated after June 30, 2001. SFAS 142 requires goodwill to be tested for impairment under certain circumstances, and written down when impaired, rather than being amortized as previously required. Furthermore, SFAS 142 requires purchased intangible assets other than goodwill to be amortized over their useful lives unless those lives are determined to be indefinite. Purchased intangible assets are carried at cost less accumulated amortization.

## Trade loans

Coors Brewers Limited extends loans to retail outlets that sell our brands. These loans typically provide for a very low or zero interest rate. In return, the retail outlets receive fewer discounts on beer purchased from us, with the net result being Coors Brewers Limited attaining a market return on the outstanding loan balance. Under U.K. GAAP, the price paid for beer remains in margin, and there is no imputed interest income included on the books for the outstanding loan balance.

In order to comply with U.S. GAAP, we have reclassified a portion of the beer revenue into interest income. In the thirteen and twenty-six weeks ended June 30, 2002, this amount was \$5.0 million and \$7.4 million, respectively.

There is no difference in the net income reported under U.K. or U.S. GAAP related to this reclassification, and we have determined that this interest income will continue to be reflected in the European segment since it is so closely related to the European business, even though all other interest income and expense is reflected in the Corporate segment.

## Equity Method Accounting

We generally apply the equity method of accounting to 20%-50% owned investments. Equity accounting involves recognizing our pro rata share of the earnings of investee companies as one line item in the income statement. We have an equity ownership in, and conduct business with various joint ventures, most of which directly relate to our core activities. Our accounting for joint ventures depends on the substance of the joint venture's activities. The Coors Canada joint venture's earnings are considered a royalty and this amount is reflected in revenues in the income statement. Rocky Mountain Metal Container, Rocky Mountain Bottle Co., along with Coors Brewers Limited's Tradeteam and Grolsch joint ventures were formed with companies which have the key core competencies sought by us to reduce costs. Accordingly, our share of joint venture profits are offset against cost of goods sold to reduce the above-market cost paid to the joint venture for services. The Molson USA joint venture is accounted for by the traditional equity accounting method, with their share of profit or loss reflected as one line item in the income statement (currently grouped with other income, due to immateriality).



## CONSOLIDATED RESULTS OF OPERATIONS

	THIRTEEN WEEKS ENDED				TWENTY-SIX WEEKS ENDED			
	JUNE 30, 2002		JULY 1, 2001		JUNE 30, 2002		JULY 1, 2001	
	(In thousands, except percentages) (Unaudited)							
		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales
Net Sales	\$ 1,023,969	100%	\$ 692,700	100%	\$ 1,763,291	100%	\$ 1,236,400	100%
Cost of goods sold	(616,220)	60%	(424,880)	61%	(1,092,064)	62%	(776,033)	63%
Gross profit	407,749	40%	267,820	39%	671,227	38%	460,367	37%
Other operating expenses:								
Marketing, general and administrative expenses	(286,311)	28%	(194,618)	28%	(501,725)	28%	(364,576)	29%
Special credits (charges)	1,074	--	(1,084)	--	(1,802)	--	(1,084)	--
Operating income	122,512	12%	72,118	10%	167,700	10%	94,707	8%
Gain on sale of Distributorship	--	--	2,900	--	--	--	2,900	--
Interest income	6,347	1%	4,387	1%	10,608	1%	8,999	1%
Interest expense	(19,563)	2%	(328)	--	(28,973)	2%	(1,139)	--
Other (expense) income - net	(2,571)	--	1,143	--	2,356	--	4,315	--
Income before taxes	106,725	10%	80,220	12%	151,691	9%	109,782	9%
Income tax expense	(39,109)	4%	(30,368)	4%	(56,872)	3%	(41,602)	3%
Net income	\$ 67,616	7%	\$ 49,852	7%	\$ 94,819	5%	\$ 68,180	6%

### Sales and volume

Second quarter 2002 net sales were \$1,024.0 million compared to net sales of \$692.7 million in the second quarter of 2001. The increase of \$331.3 million, or 47.8%, was due to the acquisition of the Carling business portion of Bass Brewers on February 2, 2002, which is now called Coors Brewers Limited and is included in the Europe segment.

We sold 8,881,000 barrels of beverages in the second quarter of 2002 versus 6,424,000 barrels in the second quarter of 2001.

Year-to-date net sales of \$1,763.3 million increased 42.6% as compared to net sales of \$1,236.4 million during the same period last year. During the twenty-six weeks ended June 30, 2002, unit volume increased 3,851,000 barrels to 15,387,000 barrels. The increase in unit volume in the second quarter of 2002 and twenty-six weeks ended June 30, 2002 was also attributable to the acquisition of Coors Brewers Limited.

During the second quarter of 2002, there was a continued mix shift away from some of our higher-net-revenue products and geographies. The increase in volume due to our acquisition of the Carling portion of Bass Brewers, positive domestic price increases and reduced domestic price promotion expense taken during the quarter contributed to our consolidated results.

## Cost of goods sold

Cost of goods sold was \$616.2 million for the second quarter of 2002 compared to \$424.9 million for the same period last year. Cost of goods sold was 60.2% of net sales in the second quarter 2002 compared to 61.3% for the same periods in 2001. On a per barrel basis, cost of goods sold increased 4.9% over 2001. Year-to-date cost of goods sold was \$1,092.1 million, representing a 40.7% increase from \$776.0 million during the twenty-six weeks ending July 1, 2001.

The increase was due to the acquisition of Coors Brewers Limited. Other factors contributing to the increase in the second quarter cost of goods per barrel include higher capacity costs partially offset by lower domestic packaging and raw material costs as well as operations efficiency initiatives in the Americas segment.

## Marketing, general and administrative expenses

Marketing, general and administrative expenses of \$286.3 million in the second quarter of 2002 increased \$91.7 million, or 47.1%, compared to the same period last year. During the twenty-six weeks ended June 30, 2002, marketing, general and administrative expenses were \$501.7 million as compared to \$364.6 million during the same period last year. The increases are due to investing more per barrel in the Americas advertising and sales promotion and the acquisition of Coors Brewers Limited. As a percentage of net sales, marketing, general and administrative expenses were 28% in the second quarter of 2002 and 2001. Year-to-date marketing, general and administrative expenses as a percentage of net sales were 28.5% in 2002 and 29.5% in 2001, respectively.

## Special credit (charge)

In the second quarter of 2002, we recorded a special credit of \$1.6 million related to the cash settlement of a legal dispute with our former partner in a brewing business in South Korea, offset by \$0.5 million of transition expenses related to the newly acquired U.K. business, including accounting, appraisal and legal fees.

During the twenty-six weeks ended June 30, 2002, we recorded special charges of \$1.8 million related to transition expenses incurred due to our newly acquired U.K. business, offset by the \$1.1 million credit recorded in the second quarter. In the second quarter and year-to-date 2001, we recorded a special charge of \$1.1 million for incremental consulting, legal and other costs incurred in preparations to restructure and outsource our information technology infrastructure with EDS.

## Operating income

As a result of the factors noted above, operating income, including special charges, was \$122.5 million for the second quarter of 2002 compared to \$72.1 million reported in the second quarter of 2001. Excluding special charges and gain on sale of distributorship, operating income increased 65.9% to \$121.4 million in the second quarter of 2002 compared to \$73.2 million for the same period last year.

Including special charges, year-to-date operating income of \$167.7 million increased 77.1% from \$94.7 million, due to the acquisition of Coors Brewers Limited. Excluding special charges and gains on sale of distributorships, operating income increased 76.9% to \$169.5 million in 2002 compared to \$95.8 million last year.

#### Interest income

Interest income of \$6.3 million in the second quarter of 2002 increased \$2.0 million over the prior year, due to trade loan interest in the current year associated with the acquisition of Coors Brewers Limited. Year-to-date interest income was \$10.6 million as compared to \$9.0 million for the same period last year. The year-to-date increase was also due to trade loan interest income, partially offset by a decrease in interest income on previously held cash positions because we sold the majority of our marketable securities to help fund the acquisition of Coors Brewers Limited.

#### Interest expense

Interest expense of \$19.6 million in the second quarter of 2002 increased \$19.2 million over the same period last year while year-to-date interest expense increased \$27.8 million to \$29.0 million due to a significant increase in debt associated with the acquisition of the Carling business portion of Bass Brewers on February 2, 2002.

#### Other (expense) income - net

Net other expense of \$2.6 million in the second quarter of 2002 decreased \$6.6 million over the same period last year. Contributing to the decrease are amortization expense related to a call option purchased to limit our foreign exchange exposure related to the settlement of a forward sale agreement and gains realized in 2001 on the sale of company-owned distributorships. Year-to-date other income of \$2.4 million decreased \$4.9 million due to same reasons noted above. .

#### Consolidated effective tax rate

Our second quarter 2002 effective tax rate was 36.6%, down from 37.9% from the second quarter of 2001 mainly because of the effects of purchase accounting associated with the acquisition of Coors Brewers Limited. Year-to-date, our effective tax rate was 37.5% versus 39.5% at the end of the first quarter 2002. Our first quarter tax rate was higher because we had not yet completed the purchase accounting and tax structuring related to the acquisition of Coors Brewers Limited.

## Net income

Net income for the second quarter of 2002 was \$67.6 million, or \$1.87 per basic share (\$1.84 per diluted share), compared to \$49.9 million, or \$1.34 per basic share (\$1.33 per diluted share), for the second quarter of 2001. Excluding special items, after-tax earnings were \$67.0 million, or \$1.85 per basic share (\$1.83 per diluted share), in the second quarter of 2002, up 37.5% from after-tax earnings of \$48.7 million, or \$1.32 per basic share (\$1.30 per diluted share), in the second quarter of 2001. Including special charges, year-to-date net income of \$94.8 million increased 39.1%, or \$26.6 million, from \$68.2 million in the prior year twenty-six weeks ended July 1, 2001.

## THE AMERICAS SEGMENT RESULTS OF OPERATIONS

	THIRTEEN WEEKS ENDED				TWENTY-SIX WEEKS ENDED			
	JUNE 30, 2002		JULY 1, 2001		JUNE 30, 2002		JULY 1, 2001	
	(In thousands, except percentages) (Unaudited)							
		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales
		-----		-----		-----		-----
Net Sales	\$ 676,576	100%	\$ 691,250	100%	\$ 1,221,552	100%	\$ 1,234,134	100%
Cost of goods sold	(400,473)	59%	(424,810)	61%	(743,805)	61%	(775,214)	63%
Gross profit	276,103	41%	266,440	39%	477,747	39%	458,920	37%
Other operating expenses:								
Marketing, general and administrative expenses	(197,220)	29%	(192,388)	28%	(359,461)	29%	(361,033)	29%
Special charges	1,644	--	(1,084)	--	840	--	(1,084)	--
Operating income	80,527	12%	72,968	11%	119,126	10%	96,803	8%
Gain on sale of Distributorship	--	--	2,900	--	--	--	2,900	--
Interest income	--	--	--	--	--	--	--	--
Interest expense	--	--	--	--	--	--	--	--
Other (expense) income - net	142	--	1,010	--	(7)	--	1,228	--
Income before taxes	\$ 80,669	12%	\$ 76,878	11%	\$ 119,119	10%	\$ 100,931	8%
	=====	===	=====	===	=====	===	=====	===

## Sales and volume

Net sales decreased 2.1% in the second quarter of 2002 and 1.0% in the first twenty-six weeks of 2002, compared to the same periods last year. Second quarter 2002 net sales of \$676.6 million were \$14.7 million lower than second quarter 2001 net sales of \$691.3 million due primarily to a decrease in revenues per barrel and due to a slight decrease in unit volume. Revenues per barrel decreased 1.5% and 1.0% in the second quarter of 2002 and the twenty-six weeks ended June 30, 2002, respectively, due to the sale of three company-owned distributorships and a shift in our sales mix away from some of our higher-net-revenue products and geographies. These decreases were partially offset by domestic price increases and reduced price promotion expense versus a year ago.

Our unit volume sales were down 0.7% in the second quarter of 2002 compared to the second quarter of 2001. Lower volume was driven by competitive market conditions. We sold 6,371,000 barrels of beverages in the second quarter of 2002 versus 6,413,000 barrels in the second quarter of 2001.

Year-to-date net sales of \$1,221.5 million decreased \$12.6 million over the same period last year, due to the same factors that impacted the second quarter of 2002. We sold 11,501,000 barrels in the first half of 2002 compared to 11,519,000 in same period last year. Our year-to-date volume declined 0.2% over the same period last year due to the same factors that impacted the second quarter of 2002.

#### Cost of goods sold

Cost of goods sold was \$400.5 million in the second quarter of 2002 and \$743.8 million year-to-date, compared to \$424.8 million and \$775.2 million, respectively, for the same periods last year. As a percentage of net sales, cost of goods sold was 59.2% for the second quarter and 60.9% year-to-date 2002, respectively, compared to 61.5% and 62.8% for the same periods last year. On a per barrel basis, cost of goods sold decreased 5.1% in the second quarter of 2002 compared to the same period last year.

Year-to-date cost of goods sold per barrel decreased 3.9% compared to the same period last year. The decreases in the thirteen and twenty-six weeks ended June 30, 2002, are primarily attributable to lower packaging and raw material costs, the result of operations efficiency initiatives and the sale of three company-owned distributorships during 2001. The raw material savings were primarily attributable to improved purchasing arrangements and business process improvements. The decrease in cost per barrel was partially offset by higher capacity costs.

#### Gross profit

As a result of the factors noted above, gross profit increased 3.6% to \$276.1 million in the second quarter of 2002, from \$266.4 million in the second quarter of 2001. Year-to-date gross profit increased 4.1% to \$477.7 million compared to \$458.9 million for the same period last year also as a result of cost reductions.

#### Marketing, general and administrative expenses

Marketing, general and administrative expenses increased 2.5% to \$197.2 million for the second quarter of 2002, from \$192.4 million for the same period last year. In the second quarter of 2002, we incurred higher marketing expense as a result of investing more per barrel in advertising and sales promotion. General and administrative expenses were flat in the second quarter of 2002 compared to the second quarter of 2001. Although we increased spending to improve our infrastructure, the general and administrative expense increases were completely offset by the sale of three company owned distributorships last year.

Year-to-date marketing, general and administrative expenses decreased 0.4% to \$359.5 million for the twenty-six weeks ended June 30, 2002, from \$361.0 million for the same period last year primarily due to the sale of company owned distributorships and certain one time reductions in overhead expense realized during the first quarter of 2002, partially offset by higher advertising and sales promotion spending.

#### Special credit (charge)

In the second quarter of 2002, we recorded a special credit of \$1.6 million related to the settlement of a legal dispute with our former partner in a brewing business in South Korea. We are expecting to receive additional payments in 2002 and 2003. As we are continuing to assess the collectibility, we have not recognized any amounts owed us in our accounts receivable balance at June 30, 2002. In the second quarter of 2001, we recorded a special charge of \$1.1 million for incremental consulting, legal and other costs incurred in preparations to restructure and outsource our information technology infrastructure with EDS. Year to date special credits include the above mentioned settlement partially offset by a charge related to the dissolution of our former can and end joint venture.

#### Operating income

As a result of the factors noted above, including special items, operating income was \$80.6 million for the second quarter of 2002, representing a 10.4% increase from \$73.0 million in the second quarter of 2001. Year-to-date, operating income including special items increased 23.1% to \$119.1 million compared to \$96.8 million for the same period last year.

Excluding special items, operating income for the second quarter of 2002 was \$78.9 million, representing a 6.5% increase over the same period last year. Year-to-date operating income, excluding special items, increased 20.8% to \$118.3 million compared to \$97.9 million for the same period last year.

#### Other income(expense) - net

Net other income of \$0.1 million in the second quarter of 2002 decreased \$3.8 million from \$3.9 million in the second quarter of 2001. The decrease was primarily due to a \$2.9 million gain realized in the second quarter 2001 on the sale of one of our company owned distributorships. Year-to-date net other expense was \$7 million in 2002 compared with income of in 2001. The reduction in income from last year was primarily due to a gain realized from the sale of our company-owned distributorships in 2001 and higher 2002 losses from our joint venture with Molson, Inc.

## THE EUROPE SEGMENT RESULTS OF OPERATIONS

	THIRTEEN WEEKS ENDED				TWENTY-SIX WEEKS ENDED			
	JUNE 30, 2002		JULY 1, 2001		JUNE 30, 2002		JULY 1, 2001	
	(In thousands, except percentages) (Unaudited)							
		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales
Net Sales	\$ 347,393	100%	\$ 1,450	100%	\$ 541,739	100%	\$ 2,266	100%
Cost of goods sold	(215,747)	62%	(70)	5%	(348,259)	64%	(819)	36%
Gross profit	131,646	38%	1,380	95%	193,480	36%	1,447	64%
Other operating expenses:								
Marketing, general and administrative expenses	(89,091)	26%	(2,230)	154%	(142,264)	26%	(3,543)	156%
Special charges	--	--	--	--	--	--	--	--
Operating income	42,555	12%	(850)	59%	51,216	9%	(2,096)	92%
Gain on sale of Distributorship	--	--	--	--	--	--	--	--
Interest income	5,011	1%	--	--	7,431	1%	--	--
Interest expense	--	--	--	--	--	--	--	--
Other (expense) income - net	(1,117)	--	--	--	761	--	--	--
Income before taxes	\$ 46,449	13%	\$ (850)	59%	\$ 59,408	11%	\$ (2,096)	92%

We acquired the Coors Brewers Limited business on February 2, 2002, and began reporting results of our new business in a new Europe operating segment. The Coors Brewers Limited business represents nearly all of our new Europe segment. Since we did not own Coors Brewers Limited prior to February 2, 2002, we did not report historical financial results relative to this business. Accordingly, the historical Europe results include only our pre-acquisition European operation which generated minimal volume and revenue. Our discussion on the results of operations for the Europe segment has been condensed for these purposes, as comparative results are generally not meaningful. Comparative results for our Europe segment will be more meaningful beginning February 2, 2003, at which time we will have owned Coors Brewers Limited for a full year.

### Sales and volume

The Europe segment achieved net sales of \$347.4 million in the second quarter of 2002 and \$541.7 million in the first twenty-six weeks of 2002. Unit volume to retail was 2,510,000 barrels for the second quarter of 2002 and 3,886,000 barrels year-to-date.

### Cost of goods sold

Cost of goods sold was \$215.7 million in the second quarter of 2002 and \$348.3 million year-to-date. As a percentage of net sales, cost of goods sold was 62.1% and 64.3% for the second quarter and year-to-date 2002, respectively.

## Gross profit

Gross profit was \$131.6 million in the second quarter of 2002 and \$193.5 million through the twenty six weeks ended June 30, 2002.

## Marketing, general and administrative expenses

Marketing, general and administrative expenses were \$89.1 million for the second quarter of 2002 or 25.6% of net sales. Year-to-date marketing, general and administrative expenses were \$142.3 million, or 26.3% of net sales.

## Operating income

As a result of the factors noted above, operating income was \$42.6 million for the second quarter of 2002. Year-to-date operating income was \$51.2 million.

## Interest income

During the second quarter of 2002, the Europe segment recognized \$5.0 million of interest income associated with trade loans to retail outlets. During the twenty-six weeks ended June 30, 2002 interest income was \$7.4 million.

## Other (expense) income - net

Year-to-date other income was \$0.8 million related to royalties and other miscellaneous revenues.

## Earnings before income tax

The Europe segment contributed \$46.4 million and \$59.4 million in the second quarter and year-to-date of 2002, respectively, to consolidated earnings before income taxes. As a percent of consolidated earnings before income tax during the second quarter and year-to-date of 2002, the Europe segment earnings represented 43.5% and 39.2%, respectively.



## THE CORPORATE SEGMENT RESULTS OF OPERATIONS

	THIRTEEN WEEKS ENDED				TWENTY-SIX WEEKS ENDED				
	JUNE 30, 2002		JULY 1, 2001		JUNE 30, 2002		JULY 1, 2001		
	(In thousands, except percentages) (Unaudited)								
	% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales		
	-----	-----	-----	-----	-----	-----	-----	-----	
Net Sales	\$	--	--	\$	--	--	\$	--	--
Cost of goods sold		--	--		--	--		--	--
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Gross profit		--	--		--	--		--	--
Other operating expenses:									
Marketing, general and administrative expenses		--	--		--	--		--	--
Special charges		(570)	--		--	--		(2,642)	--
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Operating income		(570)	--		--	--		(2,642)	--
Gain on sale of Distributorship		--	--		--	--		--	--
Interest income		1,336	--		4,387	--		3,177	--
Interest expense		(19,563)	--		(328)	--		(28,973)	--
Other (expense) income - net		(1,596)	--		133	--		1,602	--
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Income before taxes	\$	(20,393)	--	\$	4,192	--	\$	(26,836)	--
	=====	=====	=====	=====	=====	=====	=====	=====	=====

The Corporate segment includes interest and certain corporate office costs in both the Americas and Europe. The majority of these corporate costs relate to interest expense, certain legal and finance costs and other miscellaneous expenses not attributable to the Americas or Europe operating segments.

### Special charges

Special charges of \$0.6 million and \$2.6 million were recognized during the thirteen and twenty-six weeks ended June 30, 2002, respectively, for transition expenses related to the U.K. business, including accounting, appraisal and legal fees. No special charges were recognized in the thirteen or twenty-six weeks ended July 1, 2001.

### Interest income

Interest income of \$1.3 million during the second quarter of 2002 represents a \$3.1 million decrease from a year ago because we sold the majority of our marketable securities to help fund the acquisition of Coors Brewers Limited. Year-to-date, interest income decreased \$5.8 million to \$3.2 million for the same reason.

## Interest expense

Interest expense of \$19.6 million during the second quarter 2002 represents a \$19.2 million increase from a year ago. Interest expense was \$29.0 million compared to \$1.1 million during the twenty-six weeks ended July 1, 2001. The increases in 2002 was the result of increased debt associated with the acquisition of Coors Brewers Limited.

## Other (expense) income - net

Other expense of \$1.6 million during the second quarter of 2002 represents a \$1.7 million increase as compared to 2001. This increase is primarily due to foreign exchange losses recognized during the second quarter of 2002. Year-to-date, other income decreased \$1.5 million to \$1.6 million due to the same reason.

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

Our primary sources of liquidity are cash provided by operating activities and external borrowings. As of June 30, 2002, we had working capital of \$25.7 million compared to working capital of \$89.0 million at December 30, 2001. Cash and short-term and long-term securities totaled \$138.1 million at June 30, 2002, compared to \$309.7 million at December 30, 2001. The significant decrease in working capital was primarily due to a decrease in marketable securities of \$232.6 million and increases in accounts payable and accrued liabilities, and taxes. Our cash and short-term and long-term securities balances also decreased due to the sale of marketable securities in the first quarter of 2002. A portion of the cash provided by the sale of marketable securities was used to fund our acquisition of Coors Brewers Limited. We believe that cash flows from operations and cash provided by short-term borrowings, when necessary, will be sufficient to meet our ongoing operating requirements, scheduled principal and interest payments on debt, dividend payments and anticipated capital expenditures. In July 2002, we repaid \$90 million of outstanding borrowings.

### Operating activities

Net cash provided by operating activities of \$96.3 million for the twenty-six weeks ended June 30, 2002, decreased \$13.0 million compared to net cash provided by operating activities of \$109.3 million for the same period last year. The change in cash flows from operating activities was primarily attributable to an increase in accounts receivable, partially offset by an increase in net income, and depreciation and amortization expense.

## Investing activities

During the twenty-six weeks ended June 30, 2002, net cash used in investing activities was \$1.4 billion compared to \$96.9 million in the same period last year. Cash used in the current year includes the \$1.6 billion payment, net of cash acquired, made to acquire Coors Brewers Limited and includes year-to-date additions to properties and intangible assets of \$104.5 million. However, excluding our \$1.6 billion payment, net of cash acquired, to acquire Coors Brewers Limited and our \$65 million payment, made in January, 2001, for our 49.9% interest in Molson USA, LLC, total cash provided by investing activities increased \$173.6 million compared to the same period last year, due to more proceeds from sales of marketable securities in 2002 and less cash used to purchase marketable securities. In 2002, our net cash proceeds from marketable securities activity was \$232.8 million compared to \$207.9 million last year. In 2002, we sold all of our marketable securities. Also, we did not purchase any new marketable securities in the first half of 2002 compared to purchases of \$171.2 million in the first half of 2001.

## Financing activities

Net cash provided by financing activities was \$1.4 billion for the twenty-six weeks ended June 30, 2002, compared to net cash used in financing activities of \$53.5 million for the same period last year. The increase was due to our proceeds from issuance of debt in the first half of 2002 to fund our acquisition of Coors Brewers Limited, partially offset by payments on outstanding borrowings.

## DEBT OBLIGATIONS

On July 1, 2002, Rocky Mountain Metal Container(RMMC), our can and end joint venture with Ball Corporation ("Ball") as planned increased its debt obligations to \$50 million. The debt obligation at June 30, 2002, is the maximum contemplated under the private placement facility. The debt proceeds are used to finance planned capital improvements. RMMC's debt is secured by the joint venture's various supply and access agreements with no recourse to either us or Ball. This debt is not included in our financial statements as the joint venture is accounted for under the equity method. (see Subsequent Event footnote 13).

## CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Contractual cash obligations as of June 30, 2002:

	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
		(in thousands)			
Long term debt	\$1,620,083	\$106,708	\$274,143	\$353,870	\$885,362
Capital lease obligations	7,032	4,688	2,344	--	--
Operating leases	80,584	10,394	24,823	17,523	27,844
Other long term obligations (1)	1,396,529	682,880	507,404	189,745	16,500
Total obligations	\$3,104,228	\$804,670	\$808,714	\$561,138	\$929,706

Other commercial commitments:

	Amount of commitment expiration per period				
	Total amounts committed	Less than 1 year	1-3 years	4-5 years	After 5 years
	(in thousands)				
Standby letters of credit	\$ 776	\$ 776	--	--	--
Total commercial commitments	\$ 776	\$ 776	\$ --	\$ --	\$ --

(1) The amounts consist largely of long-term supply contracts with our joint ventures and unaffiliated third parties to purchase material used in production and packaging, such as cans and bottles, in addition to various long-term commitments for advertising and promotions.

**CAUTIONARY STATEMENT PURSUANT TO SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify these statements by forward-looking words such as "expect," "anticipate," "plan," "believe," "seek," "estimate," "outlook," "trends," "industry forces," "strategies," "goals" and similar words. Statements that we make in this report that are not statements of historical fact may also be forward-looking statements.

In particular, statements that we make under the headings "Narrative Description of Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Outlook for 2002" relating to our overall volume trends, consumer preferences, pricing trends and industry forces, cost reduction strategies and anticipated results, our expectations for funding our 2002 capital expenditures and operations, debt service capabilities, shipment levels and profitability, increased market share and the sufficiency of capital to meet working capital, capital expenditures requirements and our strategies are forward-looking statements.

Forward-looking statements are not guarantees of our future performance and involve risks, uncertainties and assumptions that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. There may be events in the future that we are not able to predict accurately, or over which we have no control. You should not place undue reliance on forward-looking statements. We do not promise to notify you if we learn that our assumptions or projections are wrong for any reason. You should be aware that the factors we discuss in "Risk Factors" and elsewhere in this report could cause our actual results to differ from any forward-looking statements.

Our actual results for future periods could differ materially from the opinions and statements expressed with respect to future periods. In particular, our future results could be affected by factors related to our acquisition of the Coors Brewers Limited business in the U.K., including integration problems, unanticipated liabilities and the substantial amount of indebtedness incurred to finance the acquisition, which could, among other things, hinder our ability to adjust rapidly to changing market conditions, make us more vulnerable in the event of a downturn and place us at a competitive disadvantage relative to less leveraged competitors.

To improve our financial performance, we must grow premium beverage volume, achieve modest price increases for our products and control and reduce costs. The most important factors that could influence the achievement of these goals and cause actual results to differ materially from those expressed in the forward looking statements, include, but are not limited to, the following:

## **RISK FACTORS**

These and other risks and uncertainties affecting us are discussed in greater detail in our other filings with the Securities and Exchange Commission, including our December 30, 2001 report on Form 10-K. You should carefully consider the following factors and the other information contained within this document:

- We have a substantial amount of indebtedness.
- Because our primary production facility in the U.S. and the Coors Brewers Limited production facilities in the U.K. are each located at a single site, we are more vulnerable than our competitors to transportation disruptions and natural disasters.
- We are significantly smaller than our two primary competitors in the U.S., and we are more vulnerable than our competitors to cost and price fluctuations.
- We are vulnerable to the pricing actions of our primary competitors, which are beyond our control.
- If any of our suppliers are unable or unwilling to meet our requirements, we may be unable to promptly obtain the materials we need to operate our business.
- The government of markets in which we operate may adopt regulations that could increase our costs or our liabilities or could limit our business activities.
- If the social acceptability of our products declines, or if litigation is directed at the alcohol beverage industry, our sales volumes could decrease and our business could be materially adversely affected.
- Any significant shift in packaging preferences in the beer industry could disproportionately increase our costs and could limit our ability to meet consumer demand.

-- We depend on independent distributors in the United States to sell our products, and we cannot provide any assurance that these distributors will effectively sell our products.

-- Because our sales volume is more concentrated in a few geographic areas in the U.S. and United Kingdom, any loss of market share in the markets where we are concentrated would have a material adverse effect on our results of operations.

-- We are subject to environmental regulation by federal, state and local agencies, including laws that impose liability without regard to fault.

-- Our ability to successfully integrate the Coors Brewers Limited business and to implement our business strategy with respect to the Coors Brewers Limited business could have a material adverse effect on our financial results.

-- Loss of key members of the Coors Brewers Limited management team could negatively impact our ability to successfully operate the U.K. business.

-- Our success depends largely on the success of one product in the U.S. and in the U.K. the failure of which would materially adversely affect our financial results.

-- Consolidation of pubs and growth in the size of pub chains in the U.K. could result in less bargaining strength on pricing.

-- We may experience labor disruptions in the U.K.

## **OUTLOOK FOR 2002**

With the acquisition of the Carling business, subsequently renamed Coors Brewers Limited, early in 2002, we anticipate that net sales; cost of goods sold; marketing, general & administrative expense; operating income; and interest expense will increase substantially. As such, the following outlook discussion will focus primarily on performance factors related to our Americas business segment and our Europe segment, where appropriate.

### **Sales and Volume**

Second quarter and year-to-date net sales benefited from U.S. pricing and reductions in price promotions, partially offset by a sales mix shift away from higher-net-revenue products domestically and internationally. We remain cautiously optimistic that these favorable pricing trends will continue through the balance of the year. The net sales impact in the second quarter and year-to-date of 2002 related to the sale of three company-owned distributorships during 2001 is likely to continue until early in the fourth quarter of 2002. Although we have not seen significant volume benefits from our sales and marketing efforts, we are encouraged by new brand-building initiatives led by new marketing, including our new sponsorship deal that makes Coors Light the Official Beer of the National Football League. The large excise tax increase in Puerto Rico, which took effect during June 2002, could adversely affect Americas sales volume during the remainder of 2002.

Our Europe business has achieved strong volume growth in the twenty-six weeks ended June 30, 2002. Although we achieved strong volume year-to-date, volumes benefited from special events. Also, in the same period last year, volume was effected by hoof and mouth disease, which limited access to the country side. We implemented some price increases earlier this year in Europe, however, we have seen more competitive off-premise price discounting, along with a continuing shift of the market toward the off-premise channel. We will continue to monitor promotional discounting, value-pack activity and volume shifts between the off-trade and on-trade channels.

#### Cost of goods sold

We currently expect full-year Americas cost of goods sold per barrel to be lower versus last year primarily because of the impact of selling company-owned U.S. distributorships during 2001. We also expect to lower cost of goods sold in the Americas due to continued operating efficiencies. We have realized cost decreases due to lower distribution costs and related supply chain work. Other factors we expect to see contribute to lower cost of goods sold in the Americas include slightly lower costs for cans, paper packaging and agricultural commodities, partially offset by modestly higher glass bottle costs. Fuel costs are difficult to project, and significant changes in oil or natural gas prices could alter our cost outlook. We expect fuel costs to be the same as 2001 or slightly higher. Cost of sales in the second quarter and year-to-date of 2002 benefited from the sale of three company-owned distributorships during 2001. We will continue to benefit from this until early in the fourth quarter of 2002. Our outlook could also change because cost of goods sold per barrel is dependant on actual sales volume and the related volume leverage that we are able to achieve.

In Europe, we continue to achieve modest savings from operating and purchasing efficiencies.

#### Marketing, general and administrative expenses

Our sponsorships with the National Football League and other properties offer significant opportunities to effectively invest behind our brands. Full-year marketing, general and administrative expenses for the Americas are expected to be higher than last year due to incremental spending in advertising and sales promotion and increased spending to improve our infrastructure.

#### **Interest Income(Expense)**

Consolidated 2002 interest income is likely to be consistent with 2001 due to U.K. trade-loan interest income offset by lower balances of cash and marketable securities.

Interest expense will continue to increase significantly in 2002 as compared to 2001 as a result of new debt issued to finance our acquisition of the Carling business.

## **Taxes**

Our tax rate for the rest of 2002 is expected to be consistent with the rate applied to income during the first twenty-six weeks of 2002. The first quarter tax rate of 39.5% was higher because we had not yet completed our purchase and tax accounting for the acquisition of Coors Brewers Limited.

## **Earnings Before Income Taxes**

Our Europe business usually posts a loss in January after a big holiday period. As a result, earnings before income taxes for the twenty-one weeks beginning February 2, 2002 and ended June 30, 2002, that we owned Coors Brewers Limited was higher than it would have been if we had owned this business for the entire first half of 2002. Also, earnings before income taxes would have been lower due to an increase in interest expense due to the full year impact of the debt incurred on February 2, 2002 to help fund our acquisition of Coors Brewers Limited.

## **Other**

As disclosed in our Form 10-K for 2001, our pension asset investment return assumption was 10.5%. We feel this rate is appropriate since the actual average annual return that has been achieved by our pension investments over the last 25 years, including the negative returns through the date of this writing, is in excess of 11%. In light of the current long-term outlook for capital markets, we will closely reevaluate this return assumption for 2003. Lowering the long-term assumption by 0.5% would result in an increase in pension expense annually of approximately \$2.5 million.

We expect full-year 2002 capital expenditures (excluding capital improvements for our existing joint ventures, which will be recorded on the respective books of the joint ventures) to be approximately \$225 to \$235 million, excluding approximately \$5 million of capitalized interest. The range of capital spending will be impacted by the foreign exchange rate of the British pound on the Coors Brewers Limited portion of our capital spending. In addition to our planned capital expenditures, incremental strategic investments will be considered on a case-by-case basis.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

In the normal course of business, we are exposed to fluctuations in interest rates, the value of foreign currencies and production and packaging materials prices. We have established policies and procedures to govern the management of these exposures through the use of a variety of financial instruments. By policy, we do not enter into such contracts for trading purposes or for the purpose of speculation.

Our objective in managing our exposure to fluctuations in interest rates, foreign currency exchange rates and production and packaging materials prices is to decrease the volatility of earnings and cash flows associated with changes in the underlying rates and prices. To achieve this objective, we enter into foreign currency forward contracts, commodity swaps, interest rate swaps and cross currency swaps, the values of which change in the opposite direction of the anticipated cash flows. We do not hedge the value of net investments in foreign-currency-denominated operations or translated earnings of foreign subsidiaries. Our primary foreign currency exposures are the British pound (GBP), the Canadian dollar (CAD) and the Japanese yen (YEN).

Derivatives are either exchange-traded instruments that are highly liquid, or over-the-counter instruments with highly rated financial institutions. No credit loss is anticipated because the counterparties to over-the-counter instruments generally have long-term ratings from S&P or Moody's that are no lower than A or A2, respectively. Additionally, some counterparty fair-value positions favorable to us and in excess of certain thresholds are collateralized with cash, U.S. Treasury securities or letters of credit. In some instances we have reciprocal collateralization responsibilities for fair value positions unfavorable to us and in excess of certain thresholds. At June 30, 2002, we had zero counterparty collateral and had none outstanding.



On February 2, 2002, we acquired 100% of the outstanding shares of Bass Holdings Ltd. and certain other intangible assets from Interbrew S.A. We also paid off certain intercompany loan balances with Interbrew for a total purchase price of Pound Sterling 1.2 billion (approximately \$1.7 billion), plus associated fees and expenses and a restructuring provision. This business was subsequently renamed Coors Brewers Limited. As part of our strategy to limit the possible effects of foreign exchange on our acquisition of Coors Brewers Limited and the subsequent financial structure implemented for the acquisition, we evaluated and entered into a number of derivative instruments.

In December 2001, we entered into a commitment with lenders for the financing of the acquisition of Coors Brewers Limited assets. Embedded in the commitment letter was a foreign currency option, purchased by us, which limited our maximum amount of U.S. dollars required to fund the acquisition. At the time our bid was accepted we entered into a foreign currency forward sale agreement to fix the British pound value of some of our cash on hand that was used to fund the acquisition. The option in the loan commitment expired on February 11, 2002, and the foreign currency forward sale settled on January 12, 2002. These two transactions resulted in a combined loss and amortization expense of \$1.2 million realized during the first quarter of 2002.

In connection with our acquisition of the Coors Brewers Limited business, we entered into new senior unsecured credit facilities under which we borrowed \$800 million of 5 year term debt and \$750 million of bridge financing. All the funds were subsequently exchanged for British pounds and used to close the transaction. In order to better match our assets and liabilities the \$750 million of bridge financing was recorded as an intercompany loan of 530 million British pounds.

Upon establishing the intercompany loan, we entered into a forward sale agreement for 530 million British pounds. The forward sale agreement was entered into in order to hedge the effect of fluctuations in the British pound exchange rates on the remeasurement of the intercompany loan. The forward sale agreement expired on May 7, 2002. The change in fair value of the forward sale was primarily offset by increases or decreases in the value of the intercompany loan. (See Derivative footnote 11 to the consolidated financial statements).

Since the underlying financing associated with the intercompany loan was short-term in nature (the bridge loan), and because our forward sale agreements established as hedges of the intercompany loan expired on May 7, 2002, we were exposed to fluctuations of the British pound exchange rate on our cash requirement to settle the forwards and repay the bridge loan. Therefore, on February 2, 2002, we paid approximately \$1.7 million for a 530 million British pound call option with a strike rate of 1.48 U.S. dollars to British pounds. This option expired May 7, 2002. This option limited the maximum amount of U.S. dollars required to settle our forward sale agreement and repay our bridge loan obligations. The cash needed for these transactions was satisfied by our private placement of \$850 million principal amount of 6 3/8% Senior notes, due 2012 (See Derivative footnote 11 to the consolidated financial statements) and cash on hand. Amortization expense of approximately \$1.7 million related to the call option was recognized in the first quarter of 2002.

On May 7, 2002, we entered into certain cross currency swaps totaling Pound Sterling 530 million (approximately \$774 million). The swaps include an initial exchange of principal on the date of the private placement and will require final principal exchange 10 years later. The swaps also call for an exchange of fixed British pound interest payments for fixed U.S. dollar interest receipts. At the initial principal exchange, we paid U.S. dollars to a counterparty and received British pounds. Upon final exchange, we will provide British pounds to the counterparty and receive U.S. dollars. The cross currency swaps have been designated as cash flow hedges of the changes in value of the future British pound interest and principal receipts on an intercompany loan between us and our Europe subsidiary that results from changes in the U.S. dollar to British pound exchange rates.

On June 28, 2002, we entered into an interest rate swap agreement related to \$76.2 million of our 6 3/8% Senior notes due 2012. The interest rate swap converted \$76.2 million notional amount from fixed rates to floating rates and matures in 2012. We will receive fixed U.S. dollar interest payments semi-annually at a rate of 6 3/8% per annum and pay a rate to our counterparty based on a credit spread of 0.789% plus the three-month LIBOR rate, thereby exchanging a fixed interest obligation for a floating interest rate obligation. There was no exchange of principal at the inception of the swap. We designated the interest rate swap as a fair value hedge of the changes in the fair value of \$76.2 million of our 6 3/8% Senior Notes due 2012 attributable to changes in the LIBOR swap rates.

We monitor foreign exchange risk, interest rate risk and related derivatives using two techniques - sensitivity analysis and Value-at-Risk. Our market-sensitive derivative and other financial instruments, as defined by the SEC, are foreign currency forward contracts, commodity swaps, interest rate swaps, and cross currency swaps.

We use Value-at-Risk to monitor the foreign exchange and interest rate risk of our cross-currency swaps. The Value-at-Risk provides an estimate of the level of a one-day loss that may be equaled or exceeded within due to changes in the fair value of these foreign exchange rate and interest rate-sensitive financial instruments. The type of Value-at-Risk model used to estimate the maximum potential one-day loss in the fair value is a variance/covariance method. The Value-at-Risk model assumes normal market conditions and a 95% confidence level. There are various modeling techniques that can be used to compute value at risk. The computations used to derive our values take into account various correlations between currency rates and interest rates. The correlations have been determined by observing foreign exchange currency market changes and interest rate changes over the most recent one-year period. We have excluded anticipated transactions, firm commitments, cash balances, and accounts receivable and payable denominated in foreign currencies from the Value-at-Risk calculation, some of which these instruments are intended to hedge.

The Value-at-Risk calculation is a statistical measure of risk exposure based on probabilities and is not intended to represent actual losses in fair value that we may incur. The calculated Value-at-Risk result does not represent the full extent of the possible loss that may occur. It attempts to represent the most likely measure of potential loss that may be experienced 95 times out of 100 due to adverse market events that may occur. Actual future gains and losses will differ from those estimated by Value-at-Risk because of changes or differences in market rates and interrelationships, hedging instruments, hedge percentages, timing and other factors.

The estimated maximum one-day loss in fair value on our cross-currency swaps, derived using the Value-at-Risk model, was \$9.0 million at June 30, 2002. As we did not enter into the cross currency swaps until the second quarter of 2002, there is no comparable one-day loss in fair value at December 31, 2001. Such a hypothetical loss in fair value is a combination of the foreign exchange and interest rate components of the cross currency swap. Value changes due to the foreign exchange component would be offset completely by increases in the value of the underlying transaction being hedged, our inter-company loan. The hypothetical loss in fair value attributable to the interest rate component would be deferred until termination or maturity.

Details of all other market-sensitive derivative and other financial instruments, including their fair values, are included in the table below. These instruments include foreign currencies, commodity swaps, interest rate swap and cross-currency swaps.

	Notional principal amounts(USD)	Fair values	Maturity
	-----	-----	-----
June 30, 2002			
-----			
Foreign currency management			
Forwards	20,483	(89)	07/02-05/03
Cross currency swap	773,800	(37,078)	05/12
Commodity pricing management			
Swaps	130,768	(4,347)	08/02-08/04
Interest rate pricing management			
Interest rate swap	76,200	1,316	05/12
December 30, 2001			
-----			
Foreign currency management			
Option(1)	1,705,000	(1,023)	02/02
Forwards	228,650	2,336	01/02-04/03
Commodity pricing management			
Swaps	132,477	(10,563)	02/02-02/04

(1) The foreign exchange option for \$1.7 billion notional was purchased to hedge our exposure to fluctuations in the British pound exchange rate related to acquisition of certain Coors Brewers assets. This option was settled in May 2002.

Maturities of derivative financial instruments held on June 30, 2002, are as follows (in thousands):

2002(2)	2003	2004 and thereafter
-----	-----	-----
\$(3,414)	\$(1,189)	\$(35,594)

(2) Amount includes the estimated deferred net loss of \$4.4 million that is expected to be recognized over the next 12 months, on certain forward foreign exchange contracts and production and packaging materials derivative contracts, when the underlying forecasted cash flow transactions occur.

Inter-company loans are generally hedged against foreign exchange risk through the use of cross-currency swaps with third parties.

A sensitivity analysis has been prepared to estimate our exposure to market risk of interest rates, foreign exchange rates, and commodity prices. The sensitivity analysis reflects the impact of a hypothetical 10% adverse change in the applicable market interest rates, foreign exchange rates, and commodity prices. The volatility of the applicable rates and prices are dependent on many factors that cannot be forecast with reliable accuracy. Therefore, actual changes in fair values could differ significantly from the results presented in the table below.

The following table presents the results of the sensitivity analysis of our derivative and debt portfolio:

ESTIMATED FAIR VALUE VOLATILITY	AS OF JUNE 30, 2002	AS OF DECEMBER 30, 2001
-----	-----	-----
	(In millions)	
Foreign currency risk:		
forwards, options	\$ (1.5)	\$ (22.2)
Interest rate risk: debt, swaps	\$ (39.2)	\$ (0.4)
Commodity price risk: swaps	\$ (12.6)	\$ (12.2)

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL

We are subject to claims and lawsuits arising in the ordinary course of business. We believe that the outcome of any such proceedings to which we are a party will not have a material adverse effect on us.

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a)	Exhibits	
	Exhibit 10.1	2002 Amendment to Adolph Coors Company Equity Incentive Plan
	Exhibit 10.2	Form of change in control agreements for Chairman and for Chief Executive Officer
	Exhibit 10.3	Form of change in control agreements for other officers.

#### (b) Reports on Form 8-K

**Current Report on Form 8-K/A dated April 18, 2002**

**Current Report on Form 8-K dated May 2, 2002**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**ADOLPH COORS COMPANY**

*By /s/ Ronald A. Tryggestad*

-----  
*Ronald A. Tryggestad*  
*Vice President and Controller*  
*(Chief Accounting Officer)*

*August 14, 2002*

## **EXHIBIT INDEX**

- |              |   |
|--------------|---|
| Exhibit 10.1 | 2002 Amendment to Adolph Coors Company Equity Incentive Plan                      |
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| Exhibit 10.3 | Form of change in control agreements for other officers.                          |

**EXHIBIT 10.1**

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**ADOLPH COORS COMPANY**

**EQUITY INCENTIVE PLAN**

**AMENDED AND RESTATED,  
EFFECTIVE FEBRUARY 14, 2002**

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**ADOLPH COORS COMPANY  
EQUITY INCENTIVE PLAN**

**AMENDED AND RESTATED,  
EFFECTIVE FEBRUARY 14, 2002**

Section 1

**Introduction**

1.1 Establishment and Amendment. Adolph Coors Company, a Colorado corporation (hereinafter referred to, together with its Affiliated Corporations (as defined in subsection 2.1(a)) as the "Company" except where the context otherwise requires), has established the Adolph Coors Company Equity Incentive Plan (the "Plan") for certain employees of the Company. The Plan, which permits the grant of stock options and restricted stock awards to certain employees of the Company, was originally effective January 1, 1990. Pursuant to the power granted in Section 16, the Company hereby amends and restates the Plan in its entirety.

1.2 Purposes. The purposes of the Plan are to provide the employees selected for participation in the Plan with added incentives to continue in the service of the Company and to create in such employees a more direct interest in the future success of the operations of the Company by relating incentive compensation to the achievement of long-term corporate economic objectives, so that the income of such employees is more closely aligned with the income of the Company's shareholders. The Plan is also designed to attract employees and to retain and motivate participating employees by providing an opportunity for investment in the Company.

1.3 Effective Date. The original effective date of the Plan (the "Effective Date") was January 1, 1990. The Plan, as hereby amended and restated in its entirety, is effective February 14, 2002. The Plan, as amended and restated, and each option or other award granted hereunder is conditioned on and shall be of no force or effect until approval of the Plan by the holders of the shares of voting stock of the Company unless the Company, on the advice of counsel, determines that shareholder approval is not necessary.

Section 2

**Definitions**

2.1 Definitions. The following terms shall the meanings set forth below:

(a) "Affiliated Corporation" means any corporation or other entity (including but not limited to a partnership) which is affiliated with Adolph Coors

Company through stock ownership or otherwise and is designated as an "Affiliated Corporation" by the Board.

(b) "Award" means an Option or a Restricted Stock Award issued hereunder, an offer to purchase Stock made hereunder, or a grant of Stock made hereunder.

(c) "Board" means the Board of Directors of the Company.

(d) "Committee" means a committee consisting of members of the Board who are empowered hereunder to take actions in the administration of the Plan. Members of the Committee shall be appointed from time to time by the Board, shall serve at the pleasure of the Board and may resign at any time upon written notice to the Board.

(e) "Effective Date" means the original effective date of the Plan, January 1, 1990.

(f) "Eligible Employees" means those employees (including, without limitation, officers and members of the Board who are also employees) of the Company or any division thereof, upon those judgment, initiative and efforts the Company is, or will become, largely dependent for the successful conduct of its business. For purposes of the Plan, an employee is any individual who provides services to the Company or any subsidiary or division thereof as a common law employee and whose remuneration is subject to the withholding of federal income tax pursuant to Section 3401 of the Code. Employee shall not include any individual (i) who provides services to the Company or any subsidiary or division thereof under an agreement, contract, or any other arrangement pursuant to which the individual is initially classified as an independent contractor or

(ii) whose remuneration for services has not been treated initially as subject to the withholding of federal income tax pursuant to section 3401 of the Code even if the individual is subsequently reclassified as a common law employee as a result of a final decree of a court of competent jurisdiction or the settlement or an administrative or judicial proceeding. Leased employees shall not be treated as employees under this Plan.

(g) "Fair Market Value" means the average of the high and low sales prices for a share of Stock on the New York Stock Exchange on a particular date. If there are no Stock transactions on such date, the Fair Market Value shall be determined as of the immediately preceding date on which there were Stock transactions. In the event that the method for determining the Fair Market Value of a share of Stock provided for above shall not be practicable, then such Fair Market Value shall be determined by such other reasonable valuation method as the Committee shall, in its discretion, select and apply in good faith as of the given date. If, upon exercise of an Option, the exercise price is paid by a broker's transaction as provided in section 7.2(g)(ii)(D), Fair Market Value, for purposes of the exercise, shall be the price at which the Stock is sold by the broker.

(h) "Internal Revenue Code" means the Internal Revenue Code of 1986, as it may be amended from time to time.

(i) "Option" means a right to purchase Stock at a stated price for a specified period of time. All Options granted under the Plan shall be "non-qualified stock options" whose grant is not intended to fall under the provisions of Section 422A of the Internal revenue Code.

(j) "Option Price" means the price at which shares of Stock subject to an Option may be purchased, determined in accordance with subsection 7.2(b).

(k) "Participant" means an Eligible Employee designated by the Committee from time to time during the term of the Plan to receive one or more of the Awards provided under the plan.

(l) "Restricted Stock Award," means an award of Stock granted to a Participant pursuant to Section 8 that is subject to certain restrictions imposed in accordance with the provisions of such Section.

(m) "Stock" means the no par value Class B (non-voting) Common Stock of the Company.

(n) "Voting Stock," means the no par value Class A Common Stock of the Company.

2.2 Gender and Number. Except when otherwise indicated by the context, the masculine gender shall also include the feminine gender, and the definition of any term herein in the singular shall also include the plural.

### Section 3

#### **Plan Administration**

3.1 General. The Plan shall be administered by the Committee. In accordance with the provisions of the Plan, the Committee shall, in its sole discretion, select the Participants from among the Eligible Employees, determine the Options, Restricted Stock Awards and other Awards to be granted pursuant to the Plan, the number of shares of Stock to be issued thereunder and the time at which such Options and Restricted Stock Awards are to be granted, fix the Option Price, period and manner in which an Option becomes exercisable, establish the duration and nature of Restricted Stock Award restrictions, establish the terms and conditions on which an offer to purchase Stock will be made, and establish such other terms and requirements of the various compensation incentives under the Plan as the Committee may deem necessary or desirable and consistent with the terms of the Plan. The Committee shall determine the form or forms of the agreements with Participants which shall evidence the particular provisions, terms, conditions, rights and duties of the Company and the Participants with respect to Awards

granted pursuant to the Plan, which provisions need not be identical except as may be provided herein. The Committee may from time to time adopt such rules and regulations for carrying out the purposes of the Plan as it may deem proper and in the best interests of the Company. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement entered into hereunder in the manner and to the extent it shall deem expedient and it shall be the sole and final judge of such expediency. No member of the Committee shall be liable for any action or determination made in good faith. The determinations, interpretations and other actions of the Committee pursuant to the provisions of the Plan shall be binding and conclusive for all purposes and on all persons.

3.2 Delegation by Committee. The Committee may, from time to time, delegate, to specified officers of the Company, the power and authority to grant Awards under the Plan to specified groups of employees, subject to such restrictions and conditions as the Committee, in its sole discretions, may impose. The delegation shall be as broad or as narrow as the Committee shall determine. To the extent that the Committee has delegated the authority to determine certain terms and conditions of an Award, all references in the Plan to the Committee's exercise of authority in determining such terms and conditions shall be construed to include the officer or officers to whom the Committee has delegated the power and authority to make such determination. The power and authority to grant Awards to any employee who is covered by Section 16 (b) of the Securities Exchange Act of 1934 (the "1934 Act") shall not be delegated by the Committee.

### 3.3 Claims.

(a) A Participant who wishes to appeal any determination of the Committee concerning an Award granted pursuant to the Plan shall notify the Committee in a writing, which shall state the basis for the appeal. The appeal shall be filed with the Committee within 30 days after the date the Participant received the notice from the Committee. The written appeal may be filed by the Participant's authorized representative. The Committee shall review the appeal and issue its decision within 90 days after it receives the Participant's appeal. If the Committee needs additional time to review the appeal, it shall notify the Participant in writing and specify when it expects to render its decision. After completion of its review, the Committee shall notify the Participant of its decision in writing, which shall state the reasons for the Committee's decision.

(b) If, after the completion of the procedure set forth in the preceding paragraph, the Participant wishes to further pursue the appeal, the appeal shall be submitted to, and determined through, binding arbitration in Denver, Colorado in accordance with the arbitration procedures of the American Arbitration Association ("AAA") existing at the time the arbitration is conducted, before a single arbitrator chosen in accordance with AAA procedures. The decision of the arbitrator shall be enforceable as a court judgment.

### **Stock Subject to the Plan**

4.1 Number of Shares. Ten Million Seven Hundred and Fifty Thousand (10,750,000) shares of Stock are authorized for issuance under the Plan in accordance with the provisions of the Plan and subject to such restrictions or other provisions as the Committee may from time to time deem necessary. This authorization may be increased from time to time by approval of the Board and by the shareholders of the Company if, in the opinion of counsel for the Company, such shareholder approval is required. Shares of Stock that may be issued upon exercise of Options, that are issued as Restricted Stock Awards, that are purchased under the Plan, and that are used as incentive compensation under the Plan shall be applied to reduce the maximum number of shares of Stock remaining available for use under the Plan. The Company shall at all times during the term of the Plan and while any Options are outstanding retain as authorized and unissued Stock at least the number of shares from time to time required under the provisions of the Plan, or otherwise assure itself of its ability to perform its obligations hereunder.

4.2 Other Shares of Stock. Any shares of Stock that are subject to an Option that expires or for any reason is terminated unexercised, any shares of Stock that are subject to an Award (other than an Option) and that are forfeited, any shares of Stock withheld for the payment of taxes or received by the Company as payment of the exercise price of an Option and any shares that for any reason are not issued to an Eligible Employee or are forfeited shall automatically become available for use under the Plan. However, any shares of Stock that are subject to an Award (other than an Option) and that are forfeited and any shares of Stock that are withheld for the payment of taxes or received by the Company as payment of the exercise price of an Option shall be available for use under the Plan.

4.3 Adjustments for Stock Split, Dividend, Etc. If the Company shall at any time increase or decrease the number of its outstanding shares of Stock or change in any way the rights and privileges of such shares by means of the payment of a stock dividend or any other distribution upon such shares payable in Stock, or through a stock split, subdivision, consolidation, combination, reclassification or recapitalization involving the Stock, then in relation to the Stock that is affected by one or more of the above events, the numbers, rights and privileges of the following shall be increased, decreased or changed in like manner as if they had been issued and outstanding, fully paid and nonassessable at the time of such occurrence: (i) the shares of Stock as to which Awards may be granted under the Plan; (ii) the shares of the Stock then included in each outstanding Award granted hereunder; and (iii) the maximum number of Shares available for grant to any one person pursuant to Section 6.3 of the Plan.

#### 4.4 Other Distributions and Changes in the Stock. If

(a) the Company shall at any time distribute with respect to the Stock assets or securities of persons other than the Company (excluding cash or distributions referred to in Section 4.3),

(b) the Company shall at any time grant to the holders of its Stock rights to subscribe pro rata for additional shares thereof or for any other securities of the Company, or

(c) there shall be any other change (except as described in Section 4.3), in the number or kind of outstanding shares of Stock or of any stock, or other securities into which the Stock shall be changed or for which it shall have been exchanged,

and if the Committee shall in its discretion determine that the event described in subsection (a), (b), or (c) above equitably requires an adjustment in the number or kind of shares subject to an Option or other Award, an adjustment in the Option Price or the taking of any other action by the Committee, including without limitation, the setting aside of any property for delivery to the Participant upon the exercise of an Option or the full vesting of an Award, then such adjustments shall be made, or other actions shall be taken, by the Committee and shall be effective for all purposes of the Plan and on each outstanding Option or Award that involves the particular type of stock for which a change was effected. Notwithstanding the foregoing provisions of this Section 4.4, pursuant to Section 8.3 below, a Participant holding Stock received as a Restricted Stock Award shall have the right to receive all amounts, including cash and property of any kind, distributed with respect to the Stock upon the Participant's becoming a holder of record of the Stock.

4.5 General Adjustment Rules. No adjustment or substitution provided for in this Section 4 shall require the Company to sell a fractional share of Stock under any Option, or otherwise issue a fractional share of Stock, and the total substitution or adjustment with respect to each Option and other Award shall be limited by deleting any fractional share. In the case of any such substitution or adjustment, the total Option Price for the shares of Stock then subject to the Option shall remain unchanged but the Option Price per share under each such Option shall be equitably adjusted by the Committee to reflect the greater or lesser number of shares of Stock or other securities into which the Stock subject to the Option may have been changed, and appropriate adjustments shall be made to Restricted Stock Awards to reflect any such substitution or adjustment.

4.6 Determination by the Committee, Etc. Adjustments under this Section 4 shall be made by the Committee, whose determinations with regard thereto shall be final and binding upon all parties thereto.

## Section 5

[Reserved]

## Section 6

### **Participation**

6.1 In General. Participants in the Plan shall be those Eligible Employees who, in the judgment of the Committee, are performing, or during the term of their incentive arrangement will perform, vital services in the management, operation and development of the Company or an Affiliated Corporation, and significantly contribute, or are expected to significantly contribute, to the achievement of long-term corporate economic objectives. Participants may be granted from time to time one or more Awards; provided, however, that the grant of each such Award shall be separately approved by the Committee, and receipt of one such Award shall not result in automatic receipt of any other Award. Upon determination by the Committee that an Award is to be granted to a Participant, written notice shall be given to such person, specifying the terms, conditions, rights and duties related thereto. Each Participant shall, if required by the Committee, enter into an agreement with the Company, in such form as the Committee shall determine and that is consistent with the provisions of the Plan, specifying such terms, conditions, rights and duties. Awards shall be deemed to be granted as of the date specified in the grant resolution of the Committee, which date shall be the date of any related agreement with the Participant. In the event of any inconsistency between the provisions of the Plan and any such agreement entered hereunder, the provisions of the Plan shall govern.

6.2 Restriction on Award Grants to Certain Individuals. Notwithstanding the foregoing provisions of Section 6.1, no Awards shall be granted to any lineal descendant of Adolph Coors, Jr. without the prior written approval of counsel to the Company as to the effect of any such grant on the possible status of the Company as a "personal holding company" within the meaning of Section 542 of the Internal Revenue Code.

6.3 General Restrictions on Awards. Awards covering no more than 500,000 shares of Stock may be granted to any Participant under this Plan during any calendar year.

## Section 7

### **Stock Options**

7.1 Grant of Stock Options. Coincident with or following designation for participation in the Plan, a Participant may be granted one or more Options. In no event shall the exercise of one Option affect the right to exercise any other Option or affect the



number of shares of Stock for which any other Option may be exercised, except as provided in subsection 7.2(j).

7.2 Stock Option Certificates. Each Option granted under the Plan shall be evidenced by a written stock option certificate or agreement. A stock option certificate or agreement shall be issued by the Company in the name of the Participant to whom the Option is granted (the "Option Holder") and shall incorporate and conform to the conditions set forth in this Section 7.2, as well as such other terms and conditions, not inconsistent herewith, as the Committee may consider appropriate in each case.

(a) Number of Shares. Each stock option certificate or agreement shall state that it covers a specified number of shares of the Stock, as determined by the Committee.

(b) Price. The price at which each share of Stock covered by an Option may be purchased shall be determined in each case by the Committee and set forth in the stock option certificate or agreement.

(c) Duration of Options: Restrictions on Exercise. Each stock option certificate or agreement shall state the period of time, determined by the Committee, within which the Option may be exercised by the Option Holder (the "Option Period"), and shall also set forth any installment or other restrictions on Option exercise during such period, if any, as may be determined by the Committee.

(d) Termination of Employment, Death, Disability, Etc. The Committee may specify and cause to be reflected in the Option certificate or agreement the period, if any, during which an Option may be exercised following termination of the Option Holder's services. The effect of this subsection 7.2(d) shall be limited to determining the consequences of a termination and nothing in this subsection 7.2(d) shall restrict or otherwise interfere with the Company's discretion with respect to the termination of any individual's services. If the Committee does not otherwise specify, the following shall apply:

(i) If the employment of the Option Holder is terminated within the Option Period for cause, as determined by the Company, the Option shall thereafter be void for all purposes. As used in this subsection 7.2(d)(i), "cause" shall mean a gross violation, as determined by the Company, of the Company's established policies and procedures.

(ii) If the Option Holder retires from employment by the Company or its affiliates during the Option Period pursuant to the Company's retirement policy, or if the Option Holder becomes disabled (as determined pursuant to the Company's Long-Term Disability Plan), the Option may be exercised by the Option Holder, or in the case of death by the persons specified in subsection (iii) of this subsection 7.2(d), within thirty-six months following his or her retirement or disability (provided that such exercise must occur within the

Option Period), but not thereafter. In any such case, the Option may be exercised only as to the shares as to which the Option had become exercisable on or before the date of the Option Holder's termination of employment.

(iii) If the Option Holder dies during the Option Period while still employed or within the period referred to in (iv) below, or within the thirty-six-month period referred to in (ii) above, the Option may be exercised by those entitled to do so under the Option Holder's will or by the laws of descent and distribution within fifteen months following the Option Holder's death, (provided that such exercise must occur within the Option Period), but not thereafter. In any such case, the Option may be exercised only as to the shares as to which the Option had become exercisable on or before the date of the Option Holder's death.

(iv) If the employment of the Option Holder by the Company is terminated (which for this purpose means that the Option Holder is no longer employed by the Company or by an Affiliated Corporation) within the Option Period for any reason other than cause, retirement pursuant to the Company's retirement policy, disability or the Option Holder's death, the Option may be exercised by the Option Holder (A) in the case of an Option granted on or after January 1, 2000, within one year following the date of such termination (provided that such exercise must occur within the Option Period), but not thereafter, and (B) in the case of an Option granted prior to January 1, 2000, within three months following the date of such termination (provided that such exercise must occur within the Option Period), but not thereafter. In any such case, the Option may be exercised only as to the shares as to which the Option had become exercisable on or before the date of termination of employment.

(e) Transferability.

(i) Except as specifically provided in subsection 7.2(e)(ii) below, an Option shall not be transferable by the Option Holder except by will or pursuant to the laws of descent and distribution. An Option shall be exercisable during the Option Holder's lifetime only by him or her, or in the event of Disability or incapacity, by his or her guardian or legal representative. The Option Holder's guardian or legal representative shall have all of the rights of the Option Holder under this Plan.

(ii) The Committee may, however, provide at the time of grant or thereafter that the Option Holder may transfer an Option to a member of the Option Holder's immediate family, a trust of which members of the Option Holder's immediate family are the only beneficiaries, or a partnership of which members of the Option Holder's immediate family or trusts for the sole benefit of the Option Holder's immediate family are the only partners (the "InterVivos Transferee"). Immediate family means the Option Holder's spouse, issue (by birth

or adoption), parents, grandparents, siblings (including half brothers and sisters and adopted siblings) and nieces and nephews. No transfer shall be effective unless the Option Holder shall have notified the Company of the transfer in writing and has furnished a copy of the documents that effect the transfer to the Company. The InterVivos Transferee shall be subject to all of the terms of this Plan and the Option, including, but not limited to, the vesting schedule, termination provisions, and the manner in which the Option may be exercised. The Committee may require the Option Holder and the InterVivos Transferee to enter into an appropriate agreement with the Company providing for, among other things, the satisfaction of required tax withholding with respect to the exercise of the transferred Option and the satisfaction of any Stock retention requirements applicable to the Option Holder, together with such terms and conditions as may be specified by the Committee. Except to the extent provided otherwise in such agreement, the InterVivos Transferee shall have all of the rights and obligations of the Option Holder under this Plan.

(f) [Reserved]

(g) Exercise, Payments, Etc.

(i) Each stock option certificate or agreement shall provide that the method for exercising the Option granted therein shall be by delivery to the Corporate Secretary of the Company of written notice specifying the number of shares with respect to which such Option is exercised and payment of the Option Price. Such notice shall be in a form satisfactory to the Committee and shall specify the particular Option (or portion thereof) which is being exercised and the number of shares with respect to which the Option is being exercised. The exercise of the Stock Option shall be deemed effective upon receipt of such notice by the Corporate Secretary and payment to the Company. If requested by the Company, such notice shall contain the Option Holder's representation that he or she is purchasing the Stock for investment purposes only and his or her agreement not to sell any Stock so purchased in any manner that is in violation of the Securities Act of 1933, as amended, or any applicable state law. Such restrictions, or notice thereof, shall be placed on the certificates representing the Stock so purchased. The purchase of such Stock shall take place at the principal offices of the Company upon delivery of such notice, at which time the purchase price of the Stock shall be paid in full by any of the methods or any combination of the methods set forth in (ii) below. A properly executed certificate or certificates representing the Stock shall be issued by the Company and delivered to the Option Holder. If certificates representing Stock are used to pay all or part of the exercise price, separate certificates for the same number of shares of Stock shall be issued by the Company and delivered to the Option Holder representing each certificate used to pay the Option Price, and an additional certificate shall be issued by the Company and delivered to the Option Holder representing the additional shares, in excess of the Option Price, to which the Option Holder is

entitled as a result of the exercise of the Option (the "Additional Shares"). Notwithstanding the foregoing, if a Participant has validly elected, in accordance with the provisions of the Adolph Coors Company Deferred Compensation Plan, or any successor plan, to defer the receipt of such Additional Shares, then such Additional Shares shall be issued and delivered to the trustee of the trust formed pursuant to the provisions of such Deferred Compensation Plan, or otherwise deferred in accordance with the provisions of such Deferred Compensation Plan, and the rights of the Participant with respect to such Additional Shares shall be determined in accordance with the provisions of the Deferred Compensation Plan.

(ii) The exercise price shall be paid by any of the following methods or any combination of the following methods:

(A) in cash;

(B) by certified or cashier's check payable to the order of the Company;

(C) by delivery to the Company of certificates representing the number of shares then owned by the Option Holder, the Fair Market Value of which equals the purchase price of the Stock purchased pursuant to the Option, properly endorsed for transfer to the Company; provided however, that no Option may be exercised by delivery to the Company of certificates representing Stock, unless such Stock has been held by the Option Holder for more than six months; for purposes of this Plan, the Fair Market Value of any shares of Stock delivered in payment of the purchase price upon exercise of the Option shall be the Fair Market Value as of the exercise date; the exercise date shall be the day of delivery of the certificates for the Stock used as payment of the Option Price; or

(D) by delivery to the Company of a properly executed notice of exercise together with irrevocable instructions to a broker to deliver to the Company promptly the amount of the proceeds of the sale of all or a portion of the Stock or of a loan from the broker to the Option Holder necessary to pay the exercise price.

(h) Date of Grant. An option shall be considered as having been granted on the date specified in the grant resolution of the Committee.

(i) Notice of Sale of Stock; Withholding. Each stock option certificate or agreement shall provide that, upon exercise of the Option, the Option Holder shall make appropriate arrangements with the Company to provide for the amount of additional withholding required by Sections 3102 and 3402 of the Internal Revenue Code and applicable state income tax laws, including payment of such taxes through

delivery of shares of Stock or by withholding Stock to be issued under the Option, as provided in Section 17.

(j) Issuance of Additional Option. If an Option Holder pays all or any portion of the exercise price of an Option with Stock, or pays all or any portion of the applicable withholding taxes with respect to the exercise of an Option with Stock which has been held by the Option Holder for more than six months, the Committee shall grant to such Option Holder a new Option covering the number of shares of Stock used to pay such exercise price and/or withholding tax. The new Option shall have an Option Price per share equal to the Fair Market Value of a share of Stock on the date of the exercise of the Option and shall have the same terms and provisions as the Option, except as otherwise determined by the Committee in its sole discretion. Effective for Options granted on and after January 1, 1994, this subsection 7.2(j) shall be null and void.

7.3 Shareholder Privileges. No Option Holder shall have any rights as a shareholder with respect to any shares of Stock covered by an Option until the Option Holder becomes the holder of record of such Stock, and no adjustments shall be made for dividends or other distributions or other rights as to which there is a record date preceding the date such Option Holder becomes the holder of record of such Stock, as provided in Section 4.

## Section 8

### **Restricted Stock Awards**

8.1 Grant of Restricted Stock Awards. Coincident with or following designation for participation in the Plan, the Committee may grant a Participant one or more Restricted Stock Awards consisting of shares of Stock. The number of shares granted as a Restricted Stock Award shall be determined by the Committee.

8.2 Restrictions. A Participant's right to retain a Restricted Stock Award granted to him under Section 8.1 shall be subject to such restrictions, including but not limited to his continuous employment by the Company or an Affiliated Corporation for a restriction period specified by the Committee or the attainment of specified performance goals and objectives, as may be established by the Committee with respect to such award. The Committee may in its sole discretion require different periods of employment or different performance goals and objectives with respect to different Participants, to different Restricted Stock Awards or to separate, designated portions of the Stock shares constituting a Restricted Stock Award. In the event of the death or disability (as defined in subsection 7.2(d)) of a Participant, or the retirement of a Participant in accordance with the Company's established retirement policy, all employment period and other restrictions applicable to Restricted Stock Awards then held by him shall lapse with respect to a pro rata part of each such Award based on the ratio between the number of full months of employment completed at the time of termination of employment from the grant of each Award to the total number of months of employment required for such

Award to be fully nonforfeitable, and such portion of each such award shall become fully nonforfeitable. The remaining portion of each such Award shall be forfeited and shall be immediately returned to the Company. In the event of a Participant's termination of employment for any other reason, any Restricted Stock Awards as to which the employment period or other restrictions have not been satisfied (or waived or accelerated as provided herein) shall be forfeited, and all shares of Stock related thereto shall be immediately returned to the Company.

8.3 Privileges of a Stockholder, Transferability. A Participant shall have all voting, dividend, liquidation and other rights with respect to Stock in accordance with its terms received by him as a Restricted Stock Award under this Section 8 upon his becoming the holder of record of such Stock; provided, however, that the Participant's right to sell, encumber, or otherwise transfer such Stock shall be subject to the limitations of Sections 9 and 11.2.

8.4 Enforcement of Restrictions. The Committee shall cause a legend to be placed on the Stock certificates issued pursuant to each Restricted Stock Award referring to the restrictions provided by Section 8.2 and 8.3 and, in addition, may in its sole discretion require one or more of the following methods of enforcing the restrictions referred to in Sections 8.2 and 8.3:

- (a) Requiring the Participant to keep the Stock certificates, duly endorsed, in the custody of the Company while the restrictions remain in effect; or
- (b) Requiring that the Stock certificates, duly endorsed, be held in the custody of a third party while the restrictions remain in effect.

Section 9

### **Purchase of Stock**

9.1 General. From time to time the Company may make an offer to certain Participants, designated by the Committee in its sole discretion, to purchase Stock from the Company. The number of shares of Stock offered by the Company to each selected Participant shall be determined by the Committee in its sole discretion. The purchase price for the Stock shall be as determined by the Committee in its sole discretion and may be less than the Fair Market Value of the Stock. The Participants who accept the Company's offer shall purchase the Stock at the time designated by the Committee. The purchase shall be on such additional terms and conditions as may be determined by the Committee in its sole discretion.

9.2 Other Terms. The Committee may, in its sole discretion, grant Options, Restricted Stock, or any combination thereof, on terms and conditions determined by the Committee, in its sole discretion, to the Participants who purchase Stock pursuant to Section 9.1.

Section 10

**Other Common Stock Grants**

From time to time during the duration of this Plan, the Board may, in its sole discretion, adopt one or more incentive compensation arrangements for Participants pursuant to which the Participants may acquire shares of Stock, whether by purchase, outright grants, or otherwise. Any such arrangements shall be subject to the general provisions of this Plan and all shares of Stock issued pursuant to such arrangements shall be issued under this Plan.

Section 11

**Company Right To Purchase Stock**

11.1 Right of First Refusal. (a) The Committee may, in its sole discretion, provide at the time of the grant of an Award and cause to be reflected in the certificate or agreement with respect to such Award that the Stock acquired pursuant to the Plan shall be subject to the Company's right of first refusal set forth in the following subsections of this Section 11.1. The Committee may also, in its sole discretion, waive the Company's rights under this Section 11 with respect to outstanding Awards and may modify outstanding Awards accordingly.

(b) In the event of the death of a Participant, or if a Participant at any time proposes to transfer any of the Stock acquired pursuant to the Plan to a third party, the Participant (or his personal representative or estate, as the case may be) shall make a written offer (the "Offer") to sell all of the Stock acquired pursuant to the Plan then owned by the Participant (or thereafter acquired by the Participant's estate or personal representative pursuant to any Award hereunder) to the Company at the "purchase price" as hereinafter defined. In the case of a proposed sale of any of the Stock to a third party, the Offer shall state the name of the proposed transferee and the terms and conditions of the proposed transfer. In the case of a proposed sale through or to a registered broker/dealer, the Offer shall state the name and address of the broker. The Company shall have the right to elect to purchase all (but not less than all) of the shares of Stock. The Company shall have the right to elect to purchase the shares of Stock for a period of ten (10) days after the receipt by the Company of the Offer. The provisions of this Section 11 shall apply to proposed sales through or to a registered broker/dealer at the prevailing market price, even if the prevailing market price should fluctuate between the date the Company receives the Offer and the date the Company elects to purchase the shares of Stock. In all cases, the purchase price for the Stock shall be determined pursuant to subsection 11.1(e).

(c) The Company shall exercise its right to purchase the Stock by given written notice of its exercise to the Participant (or his personal representative or estate, as the case may be). If the Company elects to purchase the Stock, payment for the

shares of Stock shall be made in full by Company check. Any such payments shall be made within ten (10) days after the election to purchase has been exercised.

(d) If the Stock is not purchased pursuant to the foregoing provisions, the shares of Stock may be transferred by the Participant to the proposed transferee named in the Offer to the Company, in the case of a proposed sale to a third party. However, if such transfer is not made within 120 days following the termination of the Company's right to purchase, a new offer must be made to the Company before the Participant can transfer any portion of his shares and the provisions of this Section 11 shall again apply to such transfer. If the Company's right of first refusal under this Section 11 is created by an event other than a proposed transfer to a third party, the shares of Stock shall remain subject to the provisions of this Section 11 in the hands of the registered owner of the Stock.

(e) The purchase price for each share of Stock purchased by the Company pursuant to this Section 11 shall be equal to the Fair Market Value of the Stock on the date the Company receives the Offer under subsection 11.1(a).

11.2 Marking of Certificates. The Committee shall require that certificates representing shares of Stock acquired pursuant to this Plan that are subject to the provisions of subsections 11.1(b) through (e) bear the following legend:

The shares of stock represented by this Certificate are subject to all the terms of the Adolph Coors Company Equity Incentive Plan, as the Plan may be amended from time to time (the "Plan") and to the terms of a [Non-Qualified Stock Option Agreement] [Restricted Stock Agreement] [Stock Purchase Agreement] between the Company and the Participant (the "Agreement"). Copies of the Plan and the Agreement are on file at the office of the Company. The Plan and the Agreement, among other things, limit the right of the Owner to transfer the shares represented hereby and provides that in certain circumstances the shares may be purchased by the Company.

## Section 12

### **Change of Control**

12.1 In General. In the event of a Change of Control of the Company as defined in Section 12.3, then, subject to the provisions of Section 12.2, (a) all Options shall become immediately exercisable in full during the remaining term thereof, and shall remain so, whether or not the Participants to whom such Options have been granted remain employees of the Company or an Affiliated Corporation; and (b) all restrictions with respect to outstanding Restricted Stock Awards shall immediately lapse. The Committee shall, in the event of a Change of Control of the Company, either (x) make appropriate provision for the adoption and continuation of the Plan and the outstanding Options by the acquiring or successor corporation and for the protection of outstanding



Options by the substitution on an equitable basis of appropriate stock of the Company or of the merged, consolidated or other reorganized corporation that will be issuable with respect to the Stock, provided that the excess of the aggregate Fair Market Value of the shares subject to the Options immediately after such substitution over the Option Price thereof is not less than the excess of the aggregate Fair Market Value of the shares subject to such Options immediately before such substitution over the Option Price thereof, or (y) upon written notice to the Participants, provide that all unexercised Options must be exercised within a specified number of days (not less than ninety (90)) of the date of such notice or they will be terminated.

12.2 Limitation on Payments. If the provisions of Section 12 would result in the receipt by any Participant of a payment within the meaning of Section 280G of the Internal Revenue Code and the regulations promulgated thereunder and if the receipt of such payment by any Participant would, in the opinion of independent tax counsel of recognized standing selected by the Company, result in the payment by such Participant of any excise tax provided for in Section 4999 of the Internal Revenue Code, then either (a) the amount of such payment shall be reduced in the manner determined by the Committee to the extent required, in the opinion of such independent tax counsel, to prevent the imposition of such excise tax; or (b) the amount of such payment shall not be reduced, depending upon whichever approach results in the greatest net after-tax benefit to the Participant, as determined by such independent tax counsel.

12.3 Definitions. (a) For purposes of the Plan, a "Change of Control" shall occur if:

(i) a Person or Persons become(s) the direct or indirect Beneficial Owner of more than 20% of the total voting power of the Voting Stock of the Company at a time when the Existing Shareholder does not hold more than 50% of the voting power of the Voting Stock of the Company, provided that any such acquisition of beneficial ownership of Voting Stock by any of the following Persons shall not by itself constitute a Change of Control hereunder: (i) the Company or one of its wholly-owned subsidiaries or (ii) any employee benefit plan (or related trust) sponsored or maintained by the Company or one of its wholly-owned subsidiaries;

(ii) the Company consummates a merger, reorganization, recapitalization, joint venture, consolidation, share exchange, business combination or similar form of corporate transaction involving the Company (each, a "Business Combination") unless, immediately following such Business Combination, more than 50% of the voting power of the then outstanding Voting Stock of the Person resulting from consummation of such Business Combination (including, without limitation, any parent or ultimate parent corporation of such Person that as a result of such transaction owns directly or indirectly the Company and all or substantially all of the Company's assets) is held by the Existing Shareholder.

(iii) individuals who constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to February 14, 2002, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall be deemed to be an Incumbent Director; or

(iv) the shareholders of the Company approve a dissolution or liquidation involving all or substantially all of the Company's assets, or the Company consummates the sale of all or substantially all of the Company's assets to a Person, unless more than 50% of the voting power of the Voting Stock of such Person is held directly or indirectly by the Existing Shareholder.

(b) For purposes of this Section 12.3, the following definitions are applicable:

(i) "Beneficial Owner and Beneficially Own" mean beneficial ownership as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person shall be deemed to beneficially own all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time.

(ii) "Company Common Stock" means the Company's Class B Common Stock and any other common stock (whether voting or non-voting) that may be hereafter issued.

(iii) "Existing Shareholder" shall mean the Adolph Coors, Jr. Trust and any successor trust thereto the primary beneficiaries of which are descendants of Adolph Coors, Sr.

(iv) "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act).

(v) "Voting Stock" means any and all shares, interests, participants, rights in or other equivalents of capital stock and warrants or options exchangeable for or convertible into such capital stock which ordinarily have the power to vote for the election of directors, managers or other voting members of the governing body (the "Governing Board") of a Person.

### **Rights of Employees; Participants**

13.1 Employment. Nothing contained in the Plan or in any Option or Restricted Stock Award granted under the Plan shall confer upon any Participant any right with respect to the continuation of his or her employment by the Company or any Affiliated Corporation, or interfere in any way with the right of the Company or any Affiliated Corporation, subject to the terms of any separate employment agreement to the contrary, at any time to terminate such employment or to increase or decrease the compensation of the Participant from the rate in existence at the time of the grant of an Option or Restricted Stock Award. Whether an authorized leave of absence, or absence in military or government service, shall constitute a termination of employment shall be determined by the Committee at the time.

13.2 Nontransferability. Except as provided otherwise by the Committee at the time of grant or thereafter, no right or interest of any Participant in an Option or a Restricted Stock Award (prior to the completion of the restriction period applicable thereto), granted pursuant to the Plan, shall be assignable or transferable during the lifetime of the Participant, either voluntarily or involuntarily, or subjected to any lien, directly or indirectly, by operation of law, or otherwise, including execution, levy, garnishment, attachment, pledge or bankruptcy. In the event of a Participant's death, a Participant's rights and interests in Options and Restricted Stock Awards shall, to the extent provided in Sections 7, 8 and 9, be transferable by testamentary will or the laws of descent and distribution, and payment of any amounts due under the Plan shall be made to, and exercise of any Options may be made by, the Participant's legal representatives, heirs and legatees. If in the opinion of the Committee a person entitled to payments or to exercise rights with respect to the Plan is disabled from caring for his affairs because of mental condition, physical condition or age, payment due such person may be made to, and such rights shall be exercised by, such person's guardian, conservator or other legal personal representative upon furnishing the Committee with evidence satisfactory to the Committee of such status.

### **General Restrictions**

14.1 Investment Representations. The Company may require any person to whom an Option, Restricted Stock Award, or Stock is granted, or to whom Stock is sold, as a condition of exercising such Option or receiving such Restricted Stock Award or Stock, or purchasing such Stock, to give assurances in substance and form satisfactory to the Company and its counsel to the effect that such person is acquiring the Stock subject to the Option, Restricted Stock Award, Stock grant, or purchase of Stock, for his own account for investment and not with any present intention of selling or otherwise

distributing the same, and to such other effects as the Company deems necessary or appropriate in order to comply with Federal and applicable state securities laws.

14.2 Compliance with Securities Laws. Each Option and Restricted Stock Award, and Stock grant or purchase shall be subject to the requirement that, if any time counsel to the Company shall determine that the listing, registration or qualification of the shares subject to such Option, Restricted Stock Award, Stock grant or purchase upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, is necessary as a condition of, or in connection with, the issuance or purchase of shares thereunder, such Option Restricted Stock Award, or Stock grant or purchase may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Committee. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration or qualification.

14.3 Changes in Accounting Rules. Notwithstanding any other provision of the Plan to the contrary, if, during the term of the Plan, any changes in the financial or tax accounting rules applicable to Options or Restricted Stock Awards shall occur that, in the sole judgment of the Committee, may have a material adverse effect on the reported earnings, assets or liabilities of the Company, the Committee shall have the right and power to modify as necessary, any then outstanding and unexercised Options and outstanding Restricted Stock Awards as to which the applicable employment or other restrictions have not been satisfied.

## Section 15

### **Other Employee Benefits**

The amount of any compensation deemed to be received by a Participant as a result of the exercise of an Option, the sale of shares received upon such exercise, the vesting in any Restricted Stock Award, or the purchase or grant of Stock, shall not constitute "earnings" with respect to which any other employee benefits of such employee are determined, including without limitation benefits under any pension, profit sharing, life insurance or salary continuation plan.

## Section 16

### **Plan Amendment, Modification and Termination**

The Board may at any time terminate, and from time to time may amend or modify the Plan provided, however, that no amendment or modification may become effective without approval of the amendment or modification by the shareholders if shareholder approval is required to enable the Plan to satisfy any applicable statutory or regulatory requirements, or if the Company, on the advice of counsel, determines that shareholder approval is otherwise necessary or desirable.

No amendment, modification or termination of the Plan shall in any manner adversely affect any Options, Restricted Stock Awards or Stock theretofore granted or purchased under the Plan, without the consent of the Participant holding such Options, Restricted Stock Awards or Stock.

## Section 17

### **Withholding**

17.1 Withholding Requirement. The Company's obligations to deliver shares of Stock upon the exercise of any Option, the vesting of any Restricted Stock Award, or the grant or purchase of Stock shall be subject to the Participant's satisfaction of all applicable federal, state and local income and other tax withholding requirements.

17.2 Withholding With Stock. The withholding obligation with respect to the grant of Restricted Stock shall be satisfied by the Company's withholding from the shares otherwise issuable to the Participant shares of Stock having a value equal to the amount required to be withheld. The value of shares of Stock to be withheld shall be based on the Fair Market Value of the Stock on the date that the amount of tax to be withheld is to be determined.

## Section 18

### **Requirements of Law**

18.1 Requirements of Law. The issuance of Stock and the payment of cash pursuant to the Plan shall be subject to all applicable laws, rules and regulations.

18.2 Federal Securities Law Requirements. If a Participant is an executive officer or director of the Company within the meaning of Section 16, the Committee may require that Awards granted hereunder shall be subject to all conditions required under Rule 16b-3, or any successor rule promulgated under the 1934 Act, to qualify the Award for any exception from the provisions of Section 16(b) of the 1934 Act available under that Rule. Such conditions shall be set forth in the agreement with the Participant which describes the Award.

18.3 Governing Law. The Plan and all agreements hereunder shall be construed in accordance with and governed by the laws of the State of Colorado.

## Section 19

### **Duration of the Plan**

The Plan shall terminate at such time as may be determined by the Board of Directors, and no Option or Restricted Stock Award, or Stock shall be granted or purchased after such termination. Options and Restricted Stock Awards outstanding at

the time of the Plan termination may continue to be exercised, or become free of restrictions, or paid, in accordance with their terms.

Dated:

**ADOLPH COORS COMPANY**

**ATTEST:**

By:

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## EXHIBIT 10.2

### AGREEMENT

AGREEMENT by and among Adolph Coors Company, a Colorado corporation ("ACC"), Coors Brewing Company, a Colorado corporation ("CBC") (ACC and CBC are hereinafter individually and collectively referred to as the "Company"), and \_\_\_\_\_(the "Executive"), dated as of June 1, 2002.

The Executive is employed by the Company. The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, in the event of the threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes that it is important to diminish the distraction of the Executive from Company business because of personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control.

The parties agree as follows:

#### 1. Certain Definitions.

(a) The "Effective Date" shall mean the first date on which a Change of Control (as defined in Section 2) occurs during the Term (as defined in Section 1(b)).

(b) The "Term" shall mean the period commencing on the date hereof and ending on the second anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Term shall be automatically extended so as to terminate two years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Board shall give notice to the Executive that the Term not be so extended. Notwithstanding notice to the Executive that the Term shall not be extended, if a Change of Control occurs prior to the expiration of the Term, then the Term shall be automatically extended so as to expire two years from the date of such Change of Control.

#### 2. Change of Control. For the purposes of this Agreement, a "Change of Control" shall occur if:

(a) a Person or Persons become(s) the direct or indirect Beneficial Owner of more than 20% of the total voting power of the Voting Stock of the Company at a time when the Existing Shareholder does not hold more than 50% of the voting

power of the Voting Stock of the Company, provided that any such acquisition of beneficial ownership of Voting Stock by any of the following Persons shall not by itself constitute a Change of Control hereunder: (i) the Company or one of its wholly-owned subsidiaries or (ii) any employee benefit plan (or related trust) sponsored or maintained by the Company or one of its wholly-owned subsidiaries;

(b) the Company consummates a merger, reorganization, recapitalization, joint venture, consolidation, share exchange, business combination or similar form of corporate transaction involving the Company (each, a "Business Combination") unless, immediately following such Business Combination, more than 50% of the voting power of the then outstanding Voting Stock of the Person resulting from consummation of such Business Combination (including, without limitation, any parent or ultimate parent corporation of such Person that as a result of such transaction owns directly or indirectly the Company and all or substantially all of the Company's assets) is held by the Existing Shareholder.

(c) individuals who constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to February 14, 2002, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall be deemed to be an Incumbent Director; or

(d) the shareholders of the Company approve a dissolution or liquidation involving all or substantially all of the Company's assets, or the Company consummates the sale of all or substantially all of the Company's assets to a Person, unless more than 50% of the voting power of the Voting Stock of such Person is held directly or indirectly by the Existing Shareholder.

(e) For purposes of this Section 2, the following definitions shall apply:

(i) "Beneficial Owner and Beneficially Own" shall mean beneficial ownership as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to beneficially own all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time.



(ii) "Company Common Stock" shall mean the Company's Class A Common Stock and Class B Common Stock and any other common stock (whether voting or non-voting) that may be hereafter issued by the Company.

(iii) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(iv) "Existing Shareholder" shall mean the Adolph Coors, Jr. Trust and any successor trust thereto the primary beneficiaries of which are descendants of Adolph Coors, Sr.

(v) "Person" shall mean any individual, corporation, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

(vi) "Voting Stock" shall mean any and all shares, interests, participations, rights in or other equivalents of capital stock and warrants or options exchangeable for or convertible into such capital stock which ordinarily have the power to vote for the election of directors, managers or other voting members of the governing body (the "Governing Board") of a Person.

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of such date (the "Employment Period").

#### 4. Terms of Employment.

##### (a) Position and Duties.

(i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), total enterprise-wide scope (if Executive is an officer of ACC), authority, duties and responsibilities shall be commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the one year period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed preceding the Effective Date or any office or location less than thirty-five miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and to discharge the responsibilities assigned to the Executive hereunder.

During the Employment Period Executive may

(A) serve on civic or charitable boards or committees of not for profit or similar organizations, (B) teach, and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. To the extent that any such activities have been conducted by the Executive and by other executives of the Company prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than twelve months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be entitled to participate, with respect to each fiscal year ending during the Employment Period, in the Company's Management Incentive Compensation Plan, or any comparable successor plans, under terms (including measures of performance, targets and payout potential) at least as favorable as the terms under such bonus plan as in effect during the Company's fiscal year ending immediately prior to the Effective Date (the "Annual Bonus"). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the end of the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies,

but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities or retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally during the two year Employment Period following the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Stock Options and Other Equity Grants. During each year of the Employment Period, the Executive shall receive either (A) stock option grants pursuant to the Company's 1990 Equity Incentive Plan or any successor plan for each fiscal year ending during the Employment Period equal to the highest number and value to those granted to Executive for any of the three (3) years prior to the Effective Date (the "Stock Option / RSO Valuation Amount"), or (B) if such Plan or Plans do not exist, then an amount in cash equal to the Stock Option / RSO Valuation Amount. In addition, during the Employment Period, the Executive shall receive restricted stock grants pursuant to the Company's 1990 Equity Incentive Plan or any successor plan for each fiscal year during the Employment Period equal to the highest number and value to those granted to executive for any of the three (3) years prior to the Effective Date (the "Stock Option / RSO Valuation Amount"), or (B) if such Plan or Plans do not exist, then an amount in cash equal to the Stock Option / RSO Valuation Amount.

(v) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses

incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, or cash payments in lieu of such fringe benefits, including but not limited to, tax and financial planning services, payment of club dues, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(ix) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(x) Retirement Plan. On the Effective Date, the Company shall credit Executive with additional years of vesting service and an equal number of years of benefit service (but not for age) for Executive to receive benefits under the Coors Retirement Plan and any other supplemental or other retirement or pension plan maintained by the Company applicable to Executive or any successor(s) to the Coors Retirement Plan or such other plans (individually and collectively, the "Retirement Plans").

## 5. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the thirty days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be a disability pursuant to the Company's then existing Long Term Disability Plan or, in the absence of such a plan, a disability determined to be total and permanent by a physician selected by the Company and acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is a violation of fiduciary duties or is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is

provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail. The Company must notify the Executive of any event constituting Cause within ten (10) days following the Company's knowledge of its existence or such event shall not constitute Cause under this Agreement.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean, without Executive's express written consent, the occurrence of any of the following events:

(i) a demotion or diminution in rank, title, responsibility or authority, the assignment to the Executive, following the Effective Date, of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by

Section 4(a) of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company within ten (10) days after receipt of such notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, including but not limited to the failure by the Company to pay the Executive any portion of his compensation, or to provide an Annual Bonus under terms (including but not limited to measures, targets and payout potential) at least as favorable as the terms for such Bonus as in effect during the Company's fiscal year immediately prior to the Effective Date or to pay the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company when such compensation is due, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company within ten (10) days after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof for more than 60 days during any twelve consecutive calendar months or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(v) any failure by the Company to comply with and satisfy Section 12(c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason in the Executive's sole discretion during the thirty-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 13(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date up to six months thereafter specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination or any later date specified therein within 30 days of such notice and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

#### 6. Obligations of the Company upon Termination.

(a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within ten (10) days after the Date of Termination the aggregate of the following amounts:

(A) the sum of (1) the Executive's Annual Base Salary (which for this purpose shall include any allowance for perquisites that is paid directly to the Executive) through the end of the fiscal year containing the Date of Termination; (2) an amount equal to (x) the higher of the target bonus amount or the bonus actually paid to the Executive under the Company's Management Incentive Compensation Plan (or any comparable successor plan(s)) for the fiscal year of the Company prior to the Effective Date or (y) the target bonus amount payable to the Executive under such plan(s) for the fiscal year of the Company which contains the Date of Termination, whichever of (x) or (y) is higher (the "Target Bonus"); and (3) any accrued vacation or other pay not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) are herein referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) three and (2) the sum of (x) the Executive's Annual Base Salary (which for this purpose shall include any allowance for perquisites that is paid directly to the Executive) and (y) the higher of (aa) the Target Bonus and (bb) the highest annual incentive bonus earned by Executive during the last three (3) completed fiscal years of the Company immediately preceding Executive's Date of Termination (annualized in the event Executive was not employed by the Company for the whole of any such fiscal year), with the product of (1) and

(2) reduced by the amounts paid, if any, to the Executive under the Company's Severance Pay Plan or pursuant to any other contractual arrangement with the Executive or plan providing coverage to the Executive as a result of such termination.

(ii) for twenty-four months after the Executive's Date of Termination or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family, including life insurance, at least equal (on an after-tax basis) to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(v) of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under



such other plan during such applicable period of eligibility, but only to the extent that the Company reimburses the Executive for any increased cost and provides any additional benefits necessary to give Executive the benefits provided hereunder.

(iii) the Company shall credit Executive for benefit calculation purposes under the Retirement Plans (A) for the balance of the Employment Period and (B) with two additional years of benefit service, vesting service and age.

(iv) for twenty-four months following the Date of Termination the Company shall, at its sole expense, reimburse the Executive for the cost (but not in excess of \$25,000 in the aggregate), as incurred, for outplacement services the scope and provider of which shall be selected by the Executive in Executive's sole discretion.

(v) for twenty-four months following the Date of Termination the Company shall, to the extent not otherwise paid or provided, pay or provide to the Executive, all other fringe benefits and executive perquisites provided on the date of this Agreement, or on the Date of Termination to the extent they are more extensive, including, but not limited to, luncheon club dues, annual physical examination, parking, health club dues, and financial planning assistance ("Other Benefits"); and

(vi) with respect to any options, restricted stock or other stock based awards held by the Executive pursuant to the Company's Equity Incentive Plan, or any successor plan, on the Date of Termination all restrictions on awards of restricted stock will be canceled, and all outstanding stock options and stock appreciation rights and other stock based awards that have not fully vested, shall vest immediately and become fully exercisable and shall not thereafter be forfeitable; provided further that with respect to the Executive's stock options, (i) the options shall remain exercisable until the earlier of (x) the expiration of the option term or (y) five (5) years after the Date of Termination; (ii) for purposes of option exercises by the Executive following the Effective Date for the period such options remain exercisable, for each share of common stock acquired pursuant to such option exercise, Executive shall be entitled to a cash payment equal to the excess, if any, of (x) the closing price of one share of the common stock subject to such option as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange, Inc. (the "NYSE") (or, if the securities are not listed or

admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the securities are listed or admitted to trading or, if the securities are not listed or admitted to trading on any national securities exchange, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or such other system then in use, any such exchange or system an "Other Exchange") on the date of the Change of Control over (y) the closing price of one share of the common stock on the NYSE or any Other Exchange on the date of exercise; and (iii) if, after a Change of Control occurs, any of the Executive's stock options are not assumed or substituted by the successor corporation or the common stock (or common stock equivalent, in the case of a non-U.S. entity) for which each such option is exercisable is not traded on the NYSE or any Other Exchange, then in respect of each such option held by the Executive, the Executive, in exchange for surrendering such options, shall be entitled to an immediate cash payment equal to the Black-Scholes value (determined as of that date, the date of grant, or the Effective Date, whichever of the foregoing is highest) of each such option as determined by the independent accounting firm that audited the Company's financial statements prior to the Change of Control, assuming that the option's expected life is the balance of its term.

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within thirty days of the Date of Termination. The term Other Benefits at utilized in this Section 6(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries. Anything in this Agreement to the contrary notwithstanding, if the Executive's accidental death occurs after the receipt of a Notice of Termination for any termination (i) by the Company other than for Cause or Disability or (ii) by the Executive for Good Reason and no payments to Executive have been made under Section 6(a), then this Section 6(b) shall not apply and the Executive's estate and/or beneficiaries shall be entitled to the benefits of Section 6(a).

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations

shall be paid to the Executive in a lump sum in cash within thirty days of the Date of Termination. The Term "Other Benefits" as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

(d) Termination in Anticipation of a Change of Control.

(i) An "Anticipatory Termination" occurs if either

(A) (1) the Company terminates the Executive's employment other than for Cause or Disability prior to the date on which a Change of Control occurs, (2) it is reasonably demonstrated by the Executive that such termination of employment (x) was at the request of a third party who had taken steps reasonably calculated to effect a Change of Control or (y) otherwise arose within six months of, and was in connection with or in anticipation of, a Change of Control, and (3) a Change of Control occurs, or

(B) (1) during the Term, an event occurs that would have constituted Good Reason if the Effective Date was deemed to be the date immediately prior to the date of such event and the Executive terminated his employment subsequent to such event, (2) the Executive can reasonably demonstrate that such Good Reason event (x) was at the request of a third party who had taken steps reasonably calculated to effect a Change of Control or (y) otherwise arose within six months of, and was in connection with or in anticipation of, a Change of Control, and (3) a Change of Control occurs.

For purposes of clauses (A)(2)(y) and (B)(2)(y) of this paragraph, it shall be presumed that such event was in connection with or in anticipation of a Change of Control unless the Company establishes otherwise by clear and convincing evidence.

(ii) Obligations of the Company upon an Anticipatory Termination. If the Executive has reason to believe that an Anticipatory Termination may have occurred, he shall provide a notice setting forth such belief in accordance with Section 13(b) of this Agreement within one hundred and

twenty (120) days after a Change of Control has occurred. Upon an Anticipatory Termination, the Executive shall be entitled to (A) the payments specified in Sections 6(a)(i), (iii) and (iv) (to the extent not previously paid), (B) the benefits specified in Sections 6(a)(ii) and (v) (to the extent not previously provided) (or the after-tax equivalent thereof to the extent that such benefits have not been or are not provided in kind), (C) to the extent that the Executive has outstanding any unexercised stock options and other stock-based awards, the provisions of Section 6(a)(vi) shall apply to them, and (D) in respect of any stock options or other stock based awards that were forfeited by the Executive as a result of his termination of employment but would have vested had Section 6(a)(vi) applied, such awards shall be reinstated (or if not reinstated, the Executive shall be paid in cash the fair value of such award as determined by the accounting firm referred to in Section 6(a)(vi)). For the purposes of this Section 6(e)(ii), the Executive's Date of Termination shall be deemed to be his last date of employment by the Company.

7. Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 13(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice, or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment, except as specifically provided with respect to medical and other welfare benefits under another employer-provided plan pursuant to subsection 6(a)(ii). The Company agrees to pay as incurred, and to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code").

## 9. Certain Additional Payments by the Company.

(a) Anything in this Agreement or in any other agreement between the Company and the Executive or in any stock option or other benefit plan to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by such nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the Company or the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five business days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that a Gross-Up Payment which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notifications shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (i) give the Company any information reasonably requested by the Company relating to such claim,
- (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (iii) cooperate with the Company in good faith in order effectively to contest such claim; and
- (iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest, and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or to contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for

the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to consent such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all material proprietary information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for denying, deferring or withholding any amounts or benefits payable to the Executive under this Agreement.

#### 11. Dispute Resolution .

(a) All claims and controversies that may arise under this Agreement shall be submitted to, and determined through, binding arbitration in the Denver, Colorado metropolitan area in accordance with the employment arbitration procedures of the American Arbitration Association ("AAA") existing at the time the arbitration is conducted, before a single arbitrator chosen in accordance with AAA procedures. The decision of the arbitrator shall be enforceable as a court judgment.

(b) The Company shall reimburse Executive for all legal fees and expenses and related costs and expenses incurred by Executive arising from any claim, controversy or dispute (i) that is submitted to arbitration, whether initiated by the Executive or the Company, and including any dispute as to whether Executive is entitled to fees, expenses and costs under this Section 11(b); (ii) in seeking to obtain or enforce any right or benefit provided for under this Agreement; or (iii) in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made within five (5) business days after delivery of Executive's written request(s) for payment accompanied by invoices of fees, expenses and costs incurred.

(c) If within fifteen (15) days after any Notice of Termination is given or, if later, prior to the Date of Termination (as determined without regard to this Section 11(c)), the person receiving such Notice of Termination notifies the person giving such notice that a claim, controversy or dispute exists concerning the termination or concerning employment or any of the provisions of this Agreement that apply to such termination or employment, the Date of Termination shall be extended to the date on which the claim, controversy or dispute is fully and finally resolved, either by mutual written agreement of the parties or by final decision of the arbitrator referred to in Section 11 (a).

(d) If a purported termination of Executive's employment occurs and such termination or the provisions of this Agreement that apply to such termination is disputed in accordance with this Section 11 (including a dispute as to the existence of "good faith" and/or "reasonable attention and time" under any provisions of this Agreement), the Company shall continue to pay Executive the full compensation (including, but not limited to, salary) at Executive's Annual Base Salary and continue Executive's participation in all compensation plans required to be maintained hereunder and continue to provide Executive all other benefits provided for in Section 4(b) of this Agreement until the dispute is finally resolved in accordance with this Section 11. Amounts paid under this section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due Executive under this Agreement.

(e) In any proceeding (regardless of who initiates such proceeding) under this Agreement the burden of proof as to whether Cause exists, whether Good Reason does not exist, and/or whether "good faith" and/or "reasonable attention and time" exist shall be upon the Company.

## 12. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than



by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

### 13. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and any other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

At their current home address as listed in the Company's records and as may be updated from time to time by the Executive.

If to the Company:

Coors Brewing Company  
311 10th St.  
Golden, CO 80401-0030

Attention: Chief Legal Officer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i) through (v) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will", and the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement except as provided in Section 6(e) (relating to termination in anticipation of a change in control). From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

**Executive:**



Adolph Coors Company / Coors Brewing Company:

By:

## EXHIBIT 10.3

### AGREEMENT

AGREEMENT by and among Adolph Coors Company, a Colorado corporation ("ACC"), Coors Brewing Company, a Colorado corporation ("CBC") (ACC and CBC are hereinafter individually and collectively referred to as the "Company"), and \_\_\_\_\_ (the "Executive"), dated as of June 1, 2002.

The Executive is employed by the Company. The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, in the event of the threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes that it is important to diminish the distraction of the Executive from Company business because of personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control.

The parties agree as follows:

#### 1. Certain Definitions.

(a) The "Effective Date" shall mean the first date on which a Change of Control (as defined in Section 2) occurs during the Term (as defined in Section 1(b)).

(b) The "Term" shall mean the period commencing on the date hereof and ending on the second anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Term shall be automatically extended so as to terminate two years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Board shall give notice to the Executive that the Term not be so extended. Notwithstanding notice to the Executive that the Term shall not be extended, if a Change of Control occurs prior to the expiration of the Term, then the Term shall be automatically extended so as to expire two years from the date of such Change of Control.

#### 2. Change of Control. For the purposes of this Agreement, a "Change of Control" shall occur if:

(a) a Person or Persons become(s) the direct or indirect Beneficial Owner of more than 20% of the total voting power of the Voting Stock of the Company at a time when the Existing Shareholder does not hold more than 50% of the voting

power of the Voting Stock of the Company, provided that any such acquisition of beneficial ownership of Voting Stock by any of the following Persons shall not by itself constitute a Change of Control hereunder: (i) the Company or one of its wholly-owned subsidiaries or (ii) any employee benefit plan (or related trust) sponsored or maintained by the Company or one of its wholly-owned subsidiaries;

(b) the Company consummates a merger, reorganization, recapitalization, joint venture, consolidation, share exchange, business combination or similar form of corporate transaction involving the Company (each, a "Business Combination") unless, immediately following such Business Combination, more than 50% of the voting power of the then outstanding Voting Stock of the Person resulting from consummation of such Business Combination (including, without limitation, any parent or ultimate parent corporation of such Person that as a result of such transaction owns directly or indirectly the Company and all or substantially all of the Company's assets) is held by the Existing Shareholder.

(c) individuals who constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to February 14, 2002, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall be deemed to be an Incumbent Director; or

(d) the shareholders of the Company approve a dissolution or liquidation involving all or substantially all of the Company's assets, or the Company consummates the sale of all or substantially all of the Company's assets to a Person, unless more than 50% of the voting power of the Voting Stock of such Person is held directly or indirectly by the Existing Shareholder.

(e) For purposes of this Section 2, the following definitions shall apply:

(i) "Beneficial Owner and Beneficially Own" shall mean beneficial ownership as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to beneficially own all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time.

(ii) "Company Common Stock" shall mean the Company's Class A Common Stock and Class B Common Stock and any other common stock (whether voting or non-voting) that may be hereafter issued by the Company.

(iii) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(iv) "Existing Shareholder" shall mean the Adolph Coors, Jr. Trust and any successor trust thereto the primary beneficiaries of which are descendants of Adolph Coors, Sr.

(v) "Person" shall mean any individual, corporation, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

(vi) "Voting Stock" shall mean any and all shares, interests, participations, rights in or other equivalents of capital stock and warrants or options exchangeable for or convertible into such capital stock which ordinarily have the power to vote for the election of directors, managers or other voting members of the governing body (the "Governing Board") of a Person.

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of such date (the "Employment Period").

#### 4. Terms of Employment.

##### (a) Position and Duties.

(i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), total enterprise-wide scope (if Executive is an officer of ACC), authority, duties and responsibilities shall be commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the one year period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed preceding the Effective Date or any office or location less than thirty-five miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and to discharge the responsibilities assigned to the Executive hereunder.

During the Employment Period Executive may

(A) serve on civic or charitable boards or committees of not for profit or similar organizations, (B) teach, and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. To the extent that any such activities have been conducted by the Executive and by other executives of the Company prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than twelve months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be entitled to participate, with respect to each fiscal year ending during the Employment Period, in the Company's Management Incentive Compensation Plan, or any comparable successor plans, under terms (including measures of performance, targets and payout potential) at least as favorable as the terms under such bonus plan as in effect during the Company's fiscal year ending immediately prior to the Effective Date (the "Annual Bonus"). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the end of the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies,

but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities or retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally during the two year Employment Period following the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Stock Options and Other Equity Grants. During each year of the Employment Period, the Executive shall receive either (A) stock option grants pursuant to the Company's 1990 Equity Incentive Plan or any successor plan for each fiscal year ending during the Employment Period equal to the highest number and value to those granted to Executive for any of the three (3) fiscal years prior to the Effective Date (the "Stock Option / RSO Valuation"), or (B) if such Plan or Plans do not exist, then an amount in cash equal to the Stock Option / RSO Valuation Amount. In addition, during the Employment Period, the Executive shall receive restricted stock grants pursuant to the Company's 1990 Equity Incentive Plan or any successor plan for each fiscal year during the Employment Period equal to the highest number and value to those granted to Executive for any of the three (3) fiscal years prior to the Effective Date (the "Stock Option / RSO Valuation"), or (B) if such Plan or Plans do not exist, then an amount in cash equal to the Stock Option / RSO Valuation Amount.

(v) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses



incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, or cash payments in lieu of such fringe benefits, including but not limited to, tax and financial planning services, payment of club dues, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(ix) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(x) Retirement Plan. On the Effective Date, the Company shall credit Executive with additional years of vesting service and an equal number of years of benefit service (but not for age) for Executive to receive benefits under the Coors Retirement Plan and any other supplemental or other retirement or pension plan maintained by the Company applicable to Executive or any successor(s) to the Coors Retirement Plan or such other plans (individually and collectively, the "Retirement Plans").

## 5. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the thirty days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be a disability pursuant to the Company's then existing Long Term Disability Plan or, in the absence of such a plan, a disability determined to be total and permanent by a physician selected by the Company and acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is a violation of fiduciary duties or is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, or upon the instructions of the Chief Executive Officer of the Company, or based upon the advice of counsel for the company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the entire membership of the Board at a meeting of the Board called and

held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail. The Company must notify the Executive of any event constituting Cause within ten (10) days following the Company's knowledge of its existence or such event shall not constitute Cause under this Agreement.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean, without Executive's express written consent, the occurrence of any of the following events:

(i) a demotion or diminution in rank, title, responsibility or authority, the assignment to the Executive, following the Effective Date, of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company within ten (10) days after receipt of such notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, including but not limited to the failure by the Company to pay the Executive any portion of his compensation, or to provide an Annual Bonus under terms (including but not limited to measures, targets and payout potential) at least as favorable as the terms for such Bonus as in effect during the Company's fiscal year immediately prior to the Effective Date or to pay the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company when such compensation is due, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company within ten (10) days after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof for more than 60 days during any twelve consecutive calendar months or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(v) any failure by the Company to comply with and satisfy Section 12(c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason in the Executive's sole discretion during the thirty-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 13(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date up to six months thereafter specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination or any later date specified therein within 30 days of such notice and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

#### 6. Obligations of the Company upon Termination.

(a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within ten (10) days after the Date of Termination the aggregate of the following amounts:

(A) the sum of (1) the Executive's Annual Base Salary (which for this purpose shall include any allowance for perquisites that is paid directly to the Executive) through the end of the fiscal year containing the Date of Termination; (2) an amount equal to (x) the higher of the target bonus amount or the bonus actually paid to the Executive under the Company's Management Incentive Compensation Plan (or any comparable successor plan(s)) for the fiscal year of the Company prior to the Effective Date or (y) the target bonus amount payable to the Executive under such plan(s) for the fiscal year of the Company which contains the Date of Termination, whichever of (x) or (y) is higher (the "Target Bonus"); and (3) any accrued vacation or other pay not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) are herein referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary (which for this purpose shall include any allowance for perquisites that is paid directly to the Executive) and (y) the higher of (aa) the Target Bonus and (bb) the highest annual incentive bonus earned by Executive during the last three (3) completed fiscal years of the Company immediately preceding Executive's Date of Termination (annualized in the event Executive was not employed by the Company for the whole of any such fiscal year), with the product of (1) and (2) reduced by the amounts paid, if any, to the Executive under the Company's Severance Pay Plan or pursuant to any other contractual arrangement with the Executive or plan providing coverage to the Executive as a result of such termination.

(ii) for twenty-four months after the Executive's Date of Termination or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family, including life insurance, at least equal (on an after-tax basis) to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(v) of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under

such other plan during such applicable period of eligibility, but only to the extent that the Company reimburses the Executive for any increased cost and provides any additional benefits necessary to give Executive the benefits provided hereunder.

(iii) The Company shall credit Executive for benefit calculation purposes under the Retirement Plans (A) for the balance of the Employment Period and (B) with two additional years of benefit service, vesting service and age.

(iv) for twenty-four months following the Date of Termination the Company shall, at its sole expense, reimburse the Executive for the cost (but not in excess of \$25,000 in the aggregate), as incurred, for outplacement services the scope and provider of which shall be selected by the Executive in Executive's sole discretion.

(v) for twenty-four months following the Date of Termination the Company shall, to the extent not otherwise paid or provided, pay or provide to the Executive, all other fringe benefits and executive perquisites provided on the date of this Agreement, or on the Date of Termination to the extent they are more extensive, including, but not limited to, luncheon club dues, annual physical examination, parking, health club dues, and financial planning assistance ("Other Benefits"); and

(vi) with respect to any options, restricted stock or other stock based awards held by the Executive pursuant to the Company's Equity Incentive Plan, or any successor plan, on the Date of Termination all restrictions on awards of restricted stock will be canceled, and all outstanding stock options and stock appreciation rights and other stock based awards that have not fully vested, shall vest immediately and become fully exercisable and shall not thereafter be forfeitable; provided further that with respect to the Executive's stock options, (i) the options shall remain exercisable until the earlier of (x) the expiration of the option term or (y) five (5) years after the Date of Termination; (ii) for purposes of option exercises by the Executive following the Effective Date for the period such options remain exercisable for each share of common stock acquired pursuant to such option exercise, Executive shall be entitled to a cash payment equal to the excess, if any, of (x) the closing price of one share of the common stock subject to such option as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange, Inc. (the "NYSE") (or, if the securities are not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the securities are listed or admitted to trading or, if the securities are not listed or admitted to trading on any national securities

exchange, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or such other system then in use, any such exchange or system an "Other Exchange") on the date of the Change of Control over (y) the closing price of one share of the common stock on the NYSE or any Other Exchange on the date of exercise; and (iii) if, after a Change of Control occurs, any of the Executive's stock options are not assumed or substituted by the successor corporation or the common stock (or common stock equivalent, in the case of a non-U.S. entity) for which each such option is exercisable is not traded on the NYSE or any Other Exchange, then in respect of each such option held by the Executive, the Executive, in exchange for surrendering such options, shall be entitled to an immediate cash payment equal to the Black-Scholes value (determined as of that date, the date of grant, or the Effective Date, whichever of the foregoing is highest) of each such option as determined by the independent accounting firm that audited the Company's financial statements prior to the Change of Control, assuming that the option's expected life is the balance of its term.

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within thirty days of the Date of Termination. The term Other Benefits at utilized in this Section 6(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries. Anything in this Agreement to the contrary notwithstanding, if the Executive's accidental death occurs after the receipt of a Notice of Termination for any termination (i) by the Company other than for Cause or Disability or (ii) by the Executive for Good Reason and no payments to Executive have been made under Section 6(a), then this Section 6(b) shall not apply and the Executive's estate and/or beneficiaries shall be entitled to the benefits of Section 6(a).

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations

shall be paid to the Executive in a lump sum in cash within thirty days of the Date of Termination. The Term "Other Benefits" as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

(d) Termination in Anticipation of a Change of Control.

(i) An "Anticipatory Termination" occurs if either

(A) (1) the Company terminates the Executive's employment other than for Cause or Disability prior to the date on which a Change of Control occurs, (2) it is reasonably demonstrated by the Executive that such termination of employment (x) was at the request of a third party who had taken steps reasonably calculated to effect a Change of Control or (y) otherwise arose within six months of, and was in connection with or in anticipation of, a Change of Control, and (3) a Change of Control occurs, or

(B) (1) during the Term, an event occurs that would have constituted Good Reason if the Effective Date was deemed to be the date immediately prior to the date of such event and the Executive terminated his employment subsequent to such event, (2) the Executive can reasonably demonstrate that such Good Reason event (x) was at the request of a third party who had taken steps reasonably calculated to effect a Change of Control or (y) otherwise arose within six months of, and was in connection with or in anticipation of, a Change of Control, and (3) a Change of Control occurs.

For purposes of clauses (A)(2)(y) and (B)(2)(y) of this paragraph, it shall be presumed that such event was in connection with or in anticipation of a Change of Control unless the Company establishes otherwise by clear and convincing evidence.

(ii) Obligations of the Company upon an Anticipatory Termination. If the Executive has reason to believe that an Anticipatory Termination may have occurred, he shall provide a notice setting forth such belief in accordance with Section 13(b) of this Agreement within one hundred and



twenty (120) days after a Change of Control has occurred. Upon an Anticipatory Termination, the Executive shall be entitled to (A) the payments specified in Sections 6(a)(i), (iii) and (iv) (to the extent not previously paid), (B) the benefits specified in Sections 6(a)(ii) and (v) (to the extent not previously provided) (or the after-tax equivalent thereof to the extent that such benefits have not been or are not provided in kind), (C) to the extent that the Executive has outstanding any unexercised stock options and other stock-based awards, the provisions of Section 6(a)(vi) shall apply to them, and (D) in respect of any stock options or other stock based awards that were forfeited by the Executive as a result of his termination of employment but would have vested had Section 6(a)(vi) applied, such awards shall be reinstated (or if not reinstated, the Executive shall be paid in cash the fair value of such award as determined by the accounting firm referred to in Section 6(a)(vi)). For the purposes of this Section 6(e)(ii), the Executive's Date of Termination shall be deemed to be his last date of employment by the Company.

7. Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 13(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice, or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment, except as specifically provided with respect to medical and other welfare benefits under another employer-provided plan pursuant to subsection 6(a)(ii). The Company agrees to pay as incurred, and to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code").

## 9. Certain Additional Payments by the Company.

(a) Anything in this Agreement or in any other agreement between the Company and the Executive or in any stock option or other benefit plan to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by such nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the Company or the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five business days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that a Gross-Up Payment which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notifications shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (i) give the Company any information reasonably requested by the Company relating to such claim,
- (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (iii) cooperate with the Company in good faith in order effectively to contest such claim; and
- (iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest, and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or to contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for

the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to consent such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all material proprietary information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for denying, deferring or withholding any amounts or benefits payable to the Executive under this Agreement.

#### 11. Dispute Resolution .

(a) All claims and controversies that may arise under this Agreement shall be submitted to, and determined through, binding arbitration in the Denver, Colorado metropolitan area in accordance with the employment arbitration procedures of the American Arbitration Association ("AAA") existing at the time the arbitration is conducted, before a single arbitrator chosen in accordance with AAA procedures. The decision of the arbitrator shall be enforceable as a court judgment.

(b) The Company shall reimburse Executive for all legal fees and expenses and related costs and expenses incurred by Executive arising from any claim, controversy or dispute (i) that is submitted to arbitration, whether initiated by the Executive or the Company, and including any dispute as to whether Executive is entitled to fees, expenses and costs under this Section 11(b); (ii) in seeking to obtain or enforce any right or benefit provided for under this Agreement; or (iii) in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made within five (5) business days after delivery of Executive's written request(s) for payment accompanied by invoices of fees, expenses and costs incurred.

(c) If within fifteen (15) days after any Notice of Termination is given or, if later, prior to the Date of Termination (as determined without regard to this Section 11(c)), the person receiving such Notice of Termination notifies the person giving such notice that a claim, controversy, or dispute exists concerning the termination or concerning employment or any of the provisions of this Agreement that apply to such termination or employment, the Date of Termination shall be extended to the date on which the claim, controversy or dispute is fully and finally resolved, either by mutual written agreement of the parties or by final decision of the arbitrator referred to in Section 11 (a).

(d) If a purported termination of Executive's employment occurs and such termination or the provisions of this Agreement that apply to such termination is disputed in accordance with this Section 11 (including a dispute as to the existence of "good faith" and/or "reasonable attention and time" under any provisions of this Agreement), the Company shall continue to pay Executive the full compensation (including, but not limited to, salary) at Executive's Annual Base Salary and continue Executive's participation in all compensation plans required to be maintained hereunder and continue to provide Executive all other benefits provided for in Section 4(b) of this Agreement until the dispute is finally resolved in accordance with this Section 11. Amounts paid under this section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due Executive under this Agreement.

(e) In any proceeding (regardless of who initiates such proceeding) under this Agreement the burden of proof as to whether Cause exists, whether Good Reason does not exist, and/or whether "good faith" and/or "reasonable attention and time" exist shall be upon the Company.

## 12. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than

by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

### 13. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and any other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

At their current home address as listed in the Company's records and as may be updated from time to time by the Executive.

If to the Company:

Coors Brewing Company  
311 10th St.  
Golden, CO 80401-0030

Attention: Chief Legal Officer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i) through (v) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will", and the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement except as provided in Section 6(e) (relating to termination in anticipation of a change in control). From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

**Executive:**

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Adolph Coors Company / Coors Brewing Company:

By:

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**End of Filing**

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