

# MOLSON COORS BREWING CO

## FORM 10-K (Annual Report)

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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-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended December 26, 1993

OR

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

For the transition period from to

*Commission file number 0-8251*

## ADOLPH COORS COMPANY

(Exact name of registrant as specified in its charter)

Colorado	84-0178360
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Golden, Colorado	80401
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	(303) 279-6565

### Securities registered pursuant to Section 12(b) of the Act:

Title of each class Name of each exchange on which registered  
None None

### Securities registered pursuant to Section 12(g) of the Act:

#### Class B Common Stock (non-voting), no par value

(Title of class)

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 X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

State the aggregate market value of the voting stock held by non-affiliates of the registrant: All voting shares are held by Adolph Coors, Jr. Trust.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of March 18, 1994:

Class A Common Stock - 1,260,000 shares Class B Common Stock - 36,994,811 shares

## PART I

### ITEM 1. Business

#### (a) General Development of Business

Founded in 1873, Adolph Coors Company ("ACC" or the "Company") through its principal operating subsidiary, Coors Brewing Company ("CBC" or the "company"), produces and markets beer and other malt-based beverages. The Company's business was conducted as a partnership or sole proprietorship until 1913, when it incorporated under the laws of the State of Colorado. During the 1980's, the Company developed a number of technology-based businesses. At the end of 1992, ACC spun off its aluminum, packaging, ceramics and other technology businesses in a tax-free distribution to shareholders. The spin-off was accomplished through a dividend of the shares of common stock in a new public company, ACX Technologies, Inc. ("ACX Technologies" or "ACXT"). ACXT owns Graphic Packaging Corporation, Golden Aluminum Company, Coors Porcelain Company (dba Coors Ceramics Company) and a number of developmental businesses which were formerly owned by ACC.

CBC remains as the single direct subsidiary of ACC. CBC owns Coors Distributing Company, and a number of smaller subsidiaries, including Ford Street Management Company; Wannamaker Ditch Company; Rocky Mountain Water Company; CBC International, Inc.; Coors Energy Company; and Coors Transportation Company. In 1992, substantially all of the assets of Coors Energy Company and Coors Transportation Company were sold.

#### (b) Financial Information About Industry Segments

The Company has continuing operations in a single industry segment, the production and marketing of beer and other malt-based beverages.

#### (c) Narrative Description of Business

##### **Coors Brewing Company - General**

CBC is engaged in the production and marketing of high quality malt-based beverage products. CBC has a number of distinctive brands that satisfy developing consumer demands and trends. The company's malt-based beverage products include a number of premium, specialty and import beers, a premium Clearmalt beverage, popular-priced and value-added beers and non-alcoholic brews. Sales of malt beverage products totaled 19.8 million barrels in 1993, a 1.3% increase compared to 19.6 million barrels in 1992.

Due to the seasonality of the beer industry, CBC's sales volumes are normally at their lowest in the first and fourth quarters and highest in the second and third quarters. The fiscal year of the Company is a 52- or 53-week period ending on the last Sunday in December.

In 1993, company management focused on the need to balance volume gains with improved returns to shareholders and a number of steps were taken toward that end. Highlights for 1993 include the following: additions of new senior management personnel; profitability improvement initiatives; initial restructuring of field sales operations to drive decision-making and accountability closer to the retail level; the announcement and/or introduction of seven new products; and the announcement of an agreement in principle to purchase a 500,000 barrel brewery in Spain. The company also revised its executive compensation plan to strengthen the link between incentive compensation and improved returns, beginning in 1994.

The profitability improvement initiatives included a reduction in general and administrative expense accomplished by means of voluntary retirement and severance packages and other initiatives. The company recorded a restructuring charge of \$109.5 million in the fourth quarter of 1993, resulting in a net loss for the year. The restructuring charge includes \$70.2 million for voluntary separation incentives and \$39.3 million for workplace redesign, asset write-downs and other expenses related to the profit improvement initiatives. In addition, other special charges unrelated to the profit improvement initiatives totalled \$13 million, primarily for the write-down of certain distributor assets and a provision for environmental enhancements. A total of 679 employees elected to accept one of the voluntary packages.

##### **Marketing and Operations**

Product portfolio: There are 17 products in the CBC brand portfolio. The company produces and markets 11 products in the premium/super-premium malt beverage category, including Original Coors, Coors Light, Coors Extra Gold, Coors Dry, Coors Artic Ice, non-alcoholic Coors Cutter, Zima Clearmalt, Killian's Irish Red Lager, Winterfest, Eisbock and Castlemaine XXXX. CBC also distributed a non-alcoholic beverage called Moussy under license with Sibra Holding S.A., of Switzerland. CBC offers three products in the popular-priced category: Keystone, Keystone Light and Keystone Dry. In 1993, the company introduced two value-added beers, Shulers and Shulers Light.

Original Coors, Coors Light, Coors Extra Gold, Coors Dry, Coors Cutter and the Keystone brands are marketed nationwide. Distribution of Zima is being expanded nationwide in 1994. With the exception of Coors Artic Ice, Schulers and Schulers Light, which are in limited introductory markets, other Coors malt beverage products are sold in most states.

Brand performance: Coors Light is the biggest selling brand in CBC's product portfolio, accounting for approximately two-thirds of the

company's total sales. Other brands with improved volume in 1993 were Killian's Irish Red and Zima.

Zima is a clear, lightly carbonated alcohol beverage that offers consumers an innovative alternative to their traditional alcohol beverage choices. Based on positive consumer response, Zima, introduced into 3 test markets in the fall of 1992, was expanded into an additional 30% of the U.S. in April and October of 1993. In December, CBC announced its plans to expand distribution of Zima nationally in the first quarter of 1994.

The volume decline of the Original Coors brand moderated in 1993 as this brand maintained sales to its core group of loyal customers. The company also gained incremental volume in 1993 from the test marketing of two new, value-added beers, Shulers and Shulers Light, as well as the U.S. introduction of Castlemaine XXXX, as part of a joint venture with Lion Nathan International of New Zealand.

**New products/opportunities:** CBC has announced plans for the national expansion of Zima during the first quarter of 1994. The company has also introduced to nine test markets the first domestically brewed ice beer using proprietary ice brewing technology licensed from Labatt Breweries of Canada. Unlike other domestic brewers of ice beer, Coors utilizes a patented ice machine from the Netherlands that takes beer to its freezing point by regulating the temperature to about minus four degrees celsius. Named Coors Artic Ice, this new product is the only U.S.-brewed ice beer to be brewed cold, shipped cold and sold cold. In order to tap into the fast-growing popularity of special-occasion brews, UniBev Limited, an arm of CBC that focuses on the import and specialty beer market, will introduce three new seasonal beers to complement the well-established Coors Winterfest brand. Each of these beers -- Eisbock a springtime bock, a summertime wheat beer and a fall Oktoberfest beer -- will be brewed in limited quantities for their respective seasons.

**Domestic sales:** The company's highest volume sales are in the states of California, Texas, Pennsylvania and a number of eastern states. CBC utilizes a field sales force made up of regional directors, division managers and area sales managers to ensure maximum customer contact and satisfaction. Field staff operated out of four regional offices that offered training, marketing and merchandising support and customer service. In May of 1993, in an effort to increase its share of the growing import and specialty beer market, CBC announced the formation of UniBev Limited, a new arm of the company's International Import Division. UniBev will provide CBC with a separate umbrella organization to market specialty, import and licensed beer brands in the U.S. In early 1994, CBC took the first step in a field restructuring designed to move accountability and decision making closer to the retail level. The company has established two test field business units (FBUs) with accountability for market and bottom line performance in their respective regions (Texas and California/Hawaii). The company intends to establish more FBUs over time.

**International marketing/partnerships:** With domestic beer sales virtually flat, international markets offer considerable potential to CBC. CBC exports Coors products to 14 markets outside of the United States, including American Samoa, the Bahamas, Bahrain, Bermuda, Cayman Islands, France, Greece, Guam, Ireland, Italy, Panama, Puerto Rico and the U.S. and British Virgin Islands. In addition, CBC exports its products to approximately 250 U.S. military bases worldwide.

CBC also has existing licensing agreements with a number of international brewers. CBC has licensed Molson Breweries of Canada Limited to brew and distribute Original Coors and Coors Light in Canada and Asahi Breweries Ltd. to brew and distribute Original Coors in Japan. In early 1994, the company announced that it had licensed proprietary ice brewing technology from Labatt Breweries of Canada.

In September 1992, a joint venture between CBC and Scottish & Newcastle Breweries of Scotland began to brew and distribute Coors Extra Gold in the United Kingdom. Coors Extra Gold was introduced in Scotland and northwest England in August 1992, and in 1993 the company expanded distribution into the rest of the United Kingdom. In June of 1993, CBC announced the launch of Coors Extra Gold into Ireland; the brand is brewed by Scottish & Newcastle in the U.K. and distributed under license by Murphy Brewery Ireland Ltd., Dublin. In September, CBC announced that it would produce and market Castlemaine XXXX (an Australian lager) in the U.S. through a joint venture with Lion Nathan International of New Zealand. CBC also owns the exclusive North American distribution rights for a non-alcoholic beverage called Moussy from Sibra Holding S.A., of Switzerland.

Beginning in 1991, CBC took a significant equity position in a foreign brewing facility through a joint venture with Jinro Limited of the Republic of Korea. Jinro-Coors Brewing Company is one-third owned by CBC and two-thirds owned by Jinro Limited. In the second quarter of 1994, Jinro-Coors will complete construction of a 1.8 million barrel brewery in South Korea. The new brewery will produce several new local beers and a Coors brand for Korea's fast-growing beer market.

Late in 1993, CBC signed an agreement in principle with El Aguila S.A., based in Madrid, Spain, for the purchase of a 500,000-barrel brewery in Zaragoza, Spain. This is discussed in greater detail below.

**Production/packaging capacity:** CBC currently has three domestic production facilities. It owns and operates the world's largest single-site brewery in Golden, Colorado, a packaging and brewing facility in Memphis, Tennessee, and a third facility that currently operates as a packaging plant and distribution facility near Elkton, Virginia (referred to as the Shenandoah facility). Together, the three facilities provide sufficient brewing and packaging capacity to meet consumer demand for Coors products into the foreseeable future.

The Golden, Colorado, brewery is the source for all brands with the Coors name, except for Coors Cutter, the company's non-alcoholic beverage. The majority of the company's beer is packaged in Golden. The remainder is shipped in bulk from the Colorado brewery to the Shenandoah and Memphis facilities for blending, finishing and packaging. The Memphis facility, which was purchased from The Stroh Brewery Company in 1990, is currently packaging all Coors products for export outside of the United States and producing Zima Clearmalt, Castlemaine XXXX and Coors Cutter. Depending on product mix and market opportunities, the full utilization of brewing capacity in Memphis

may require incremental upgrades in plant and equipment.

In November, CBC announced that it had signed an agreement in principle with El Aguila S.A., based in Madrid, Spain, for the purchase of a 500,000-barrel brewery in Zaragoza, Spain. The purchase is expected to be finalized in the first half of 1994; no purchase price has been disclosed. Under terms of the agreement, Coors Extra Gold will be brewed in Zaragoza for distribution in Spain. Sales and distribution will be handled in Spain by El Aguila. This arrangement would provide significant cost and other advantages over exporting beer from U.S. facilities. Fifty-one percent of El Aguila S.A. is owned by Amsterdam-based Heineken, N.V., the world's second-largest brewer. The sale is expected to close early in the company's second fiscal quarter.

Other company operations: Significant portions of CBC's aluminum can, glass bottle and malt requirements are produced in its own facilities. The CBC can manufacturing facility produces approximately 3.6 billion aluminum cans per year; the bottle manufacturing plant produces approximately 780 million bottles per year. Bottles manufactured by the company are made with an average total recycled content of 35%. To assist in its goal of manufacturing bottles with 50% recycled content, in 1992 CBC announced its intent to build a glass recycling facility in Wheat Ridge, Colorado. Construction of the facility will be completed mid-year in 1994 and should double the amount of glass the company can recycle annually.

CBC also has its own waste treatment facilities, which process waste from the company's manufacturing operations as well as municipal waste from the nearby City of Golden. The company also owns and operates its own power plant.

The company continues to explore opportunities to improve asset utilization, including the divestiture of non-core assets and continuing improvement in capacity utilization through innovative joint ventures and alliances.

Brewing Company subsidiaries: Coors Distributing Company (CDC) is CBC's largest subsidiary. CDC owns and operates distributorships in four markets across the United States. As part of CBC's corporate restructuring, CDC recently sold three of its company-owned distributorships. Together, CDC operations in 1993 accounted for approximately 5% of the company's total beer sales.

In late 1992, Coors Energy Company (CEC) became a subsidiary of CBC. During 1992, CEC sold substantially all of its oil and gas exploration and production assets. CEC retained a transmission pipeline to bring natural gas to various company facilities in Colorado and, through a subsidiary, continues to operate a gas transmission pipeline to provide for the natural gas needs of CBC's Shenandoah facility. CEC also operates an ash disposal site for the company's use in Colorado.

Also in 1992, Coors Transportation Company (CTC) sold substantially all of its assets and operations.

Other subsidiary operations of CBC include Ford Street Management Company (a distributor development company); Wannamaker Ditch Company and Rocky Mountain Water Company, (which carry processed water from Clear Creek to various Coors reservoirs).

## **Raw Materials**

CBC uses all-natural ingredients in the production of its malt beverages. In addition, the company has one of the longest beer brewing cycles in the industry. CBC adheres to strict formulation and quality standards in selecting its raw materials.

Barley, rice, starch, hops: CBC uses a proprietary strain of barley developed by the company's agronomists in all its malt beverage products. Virtually all of this barley is grown on irrigated farmland in the western United States under contractual agreements with area farmers. As part of the 1993 restructuring, CBC consolidated some of its barley operations to achieve improved efficiencies.

Rice and refined cereal starch, which are considered to be interchangeable in CBC's brewing process, are purchased from several suppliers. Both foreign and domestic hops are purchased from various suppliers. The 1993 restructuring plan included reductions in commodities inventories.

Water: CBC utilizes naturally filtered water from underground aquifers to brew malt beverages at its Golden, Colorado, facility. Water from private deep wells is used for final blending and packaging operations for malt beverages packaged at plants located outside Colorado. Water quality and composition were primary factors in all facility site selections. Water from the company's sources in Golden, Memphis and Shenandoah is soft, with the required balance of minerals and dissolved solids to brew quality pilsner beers. CBC continually monitors the quality of all the water used in its brewing and packaging processes for compliance with the company's own stringent quality standards as well as federal and state water standards. CBC owns water rights believed to be adequate to meet all of the company's present requirements for both brewing and industrial uses; however, it continues to acquire water rights and add water reservoir capacity to provide for long-term strategic growth plans and to sustain brewing operations in the event of a prolonged drought.

Packaging materials: During 1993, approximately 56% of Coors malt beverage products were packaged in aluminum cans, which were primarily supplied by CBC's aluminum can manufacturing plant. Additional aluminum cans for Coors malt beverage products packaged at the Memphis plant were purchased from an outside supplier.

Glass bottles were used to package approximately 27% of Coors malt beverage products in 1993. A significant portion of all bottle

requirements was produced in CBC's bottle manufacturing plant; CBC has two other qualified suppliers under contract to supply glass bottles. The remainder of the malt beverages sold during 1993 were packaged in quarter- and half-barrel stainless steel kegs and two different sizes of a plastic sphere called "The Party Ball," an innovative package introduced by CBC in 1988.

In 1993, most of the secondary packaging for Coors products, including bottle labels and paperboard products, were supplied by Graphic Packaging Corporation, an ACX Technologies subsidiary. A second supplier provided corrugated boxes. Supply contracts with ACX Technologies companies: In preparing for the spin-off of ACX Technologies, CBC negotiated market-based, long-term supply contracts with ACXT subsidiaries to ensure an uninterrupted supply of raw materials and packaging materials including aluminum.

CBC believes it has sufficient access to raw materials and packaging materials to meet its production requirements in the foreseeable future.

### **Transportation/Distribution**

The number and geographical location of CBC's brewing operations require its malt beverage products to be shipped farther than competitors' products. Major competitors have multiple breweries and therefore incur lower transportation costs than CBC incurs to deliver its products to their respective distributors. By packaging some of its products in Memphis and Shenandoah, CBC is able to achieve more efficient product distribution and a reduction of freight costs for certain markets.

**Transportation:** During 1993, 28% of total Coors products sold were shipped in CBC's insulated rail tank cars from Golden to be packaged at the Shenandoah and Memphis plants. CBC's Golden facilities are served by Burlington Northern, Inc., which transports approximately 76% of Coors malt beverage products packaged at the Golden facility the 14 miles from Golden to Denver. From there, they are shipped by various railroad lines to distributors throughout the country. CBC is able to maintain the high rail volume through the use of 24 satellite redistribution centers strategically located throughout the country. These centers, operated by public warehouse companies and CBC, transfer Coors malt beverage products from railcars for shipment to distributors. In 1993, approximately 86% of total railcar volume from Golden moved through this channel.

The railcars assigned to CBC by the shipping railroads are specially built and insulated to maintain temperature control en route. A national rail strike of any duration could therefore substantially impair CBC's ability to transport Coors products to its markets and cause a shortage of Coors malt beverage products to a greater degree than would be experienced by competitors with multiple breweries. This situation would be intensified by low inventories maintained at distributors to assure the freshness of Coors malt beverage products. Although an extended shutdown of the Burlington Northern, Inc. rail spur at Golden could adversely affect CBC's business, CBC believes that such an interruption of service is unlikely. In addition, the satellite redistribution system reduces the potential impact of interrupted rail service.

The remaining 24% of CBC volume packaged in Golden is shipped by truck and intermodal (piggyback) directly to distributors. Transportation vehicles are refrigerated or insulated to keep Coors malt beverage products at proper temperatures until they are delivered to distributor locations.

**Distribution:** Delivery to retail markets in the United States is accomplished through a national network of 600 independent distributors and 4 distributors owned and operated by CBC's subsidiary, CDC. Some distributors have multiple branches. The total number of distributor locations, including branch operations, is 668. No single distributor accounted for more than 5% of 1993 barrel sales.

In order to ensure the highest product quality, CBC has one of the industry's most extensive distributor monitoring programs. This program is designed to ensure that guidelines for proper refrigeration and rotation of Coors malt beverage products at both the wholesale and retail levels are followed. Distributors are responsible for maintaining proper rotation of the products at retail accounts and are required to replace Coors malt beverage products at their own expense if sales to consumers have not occurred within the prescribed time period.

### **Competition**

The beer industry in the United States is highly competitive. Coors malt beverage products compete with numerous super-premium, premium, low-calorie, popular-priced, value-added, non-alcoholic and imported brands produced by national, regional, local and international brewers. CBC is the nation's third largest brewer and, according to Beer Marketer's Insights (BMI) estimates, CBC accounted for approximately 10% of the total 1993 U.S. brewing industry shipments of malt beverages.

CBC's major competitors include Anheuser-Busch Companies, Inc. (through its subsidiary Anheuser-Busch, Inc.), Philip Morris, Inc. (through its subsidiary Miller Brewing Company), The Stroh Brewery Company, G. Heileman Brewing, and S & P Company.

Because approximately 85% of CBC's volume comes from premium, higher-margin products, CBC competes most directly with Anheuser-Busch (approximately 44% market share) and Miller (approximately 22% share), the dominant players in the industry. In 1993, price promotions and price discounting continued to erode net price realizations for brewers; industry trade publications estimate that well over 40% of premium products were sold on discount industry wide. It is anticipated that competitive price/discount activity will continue for all brewers in 1994, especially in California and select markets in the Pacific Northwest.

For the past few years, price realizations for brewers have increased well below inflation levels. CBC has responded to pricing pressures in two ways. On the cost side, CBC has implemented aggressive cost-management initiatives and close scrutiny of company functions and programs

to ensure strategic alignment with company objectives and optimum asset utilization. On the revenue side, CBC continues to seek and exploit opportunities to maintain a strong premium position in the marketplace.

CBC is well-positioned in the malt beverage industry, with strong, quality brands in the fastest-growing categories. The company, however, does face significant competitive disadvantages related to economies of scale. In addition to lower transportation costs achieved by major competitors with multiple breweries, these larger brewers also recognize economies of scale in advertising expenditures. CBC, in an effort to achieve and maintain national advertising exposure, must spend substantially more per barrel of beer sold than its major competitors. This level of advertising expenditures is necessary for CBC to hold and increase its share of the U.S. beer market.

### **Capital Expansion**

CBC has sufficient brewing and packaging capacity to fulfill projected volume requirements in the foreseeable future. In 1993, the company spent approximately \$120 million to upgrade the Memphis facility to support the Zima expansion, to perform routine maintenance in all plants and to make incremental capital upgrades to all production facilities. The company expects its capital expenditures for 1994 to be approximately \$193 million. Capital spending in 1994 will be primarily focused on new facilities, repair and upkeep and return on investment projects.

### **Research and Development**

CBC is continually engaged in research and development programs and has developed various improvements in raw materials, processes and packaging systems and in the development of innovative, quality products. Approximately \$13 million was spent on research and development in 1993. Although CBC owns a number of patents, it does not consider its business to be dependent upon any one or related group of such patents.

CBC's research and development expenditures are primarily devoted to new product and package development, its brewing process and ingredients, brewing equipment, improved manufacturing techniques for packaging supplies and environmental improvements in the company's processes and packaging materials. The focus of these programs is to improve the quality and value of its malt beverage products while reducing costs through more efficient processing and packaging techniques, equipment design and improved varieties of raw materials. CBC's research and development dollars are strategically applied to short-term, and long-term opportunities.

### **Regulations**

Federal, state and local laws and regulations govern the operations of breweries; the federal government and all states in which Coors malt beverage products are distributed regulate trade practices, advertising and marketing practices, relationships with distributors and related matters. Governmental entities also levy various taxes, license fees and other similar charges and may require bonds to ensure compliance with applicable laws and regulations.

CBC anticipates a number of regulatory issues in 1994 that could impact business operations, including potential increases in state and federal excise taxes, restrictions on the advertising and sale of alcohol beverages, new packaging regulations and others.

Federal excise taxes on malt beverages are presently \$18.00 per barrel. State excise taxes are also levied at rates that ranged in 1993 from a high of \$32.65 per barrel in Alabama to a low of \$0.62 per barrel in Wyoming. In 1993, Coors paid \$364.8 million in federal and state excise taxes. For 1994, the Clinton Administration has indicated a desire to exempt brewers from an increase in federal excise taxes; however, an increase in federal excise taxes is still subject to Congressional debate. A substantial increase in federal excise taxes would have a negative impact on the entire industry and could have a material effect on company sales, profitability, and cash flow. CBC is vigorously opposed to any additional increases in federal and/or state excise taxes and will work diligently to ensure that its view is adequately represented in the ongoing debate.

### **Environment**

**See Management's Discussion and Analysis.**

### **Energy**

CBC uses both coal and natural gas as primary sources of energy. Coal is used as the primary fuel in CBC's steam generation system and is supplied from outside sources. Natural gas was supplied by public utilities and various natural gas purchase contracts during the year. The company also has fuel oil and propane available as alternate sources of energy. CBC does not anticipate future supply problems for these natural resources.

### **Employees**

The Company has approximately 6,200 full-time employees. Approximately 1,685 employees are salaried. In 1993, 679 employees left the company under a voluntary separation program.

## **Foreign Operations**

The company's foreign operations and export sales are not a material part of its business. However, the company is committed to expanding its foreign operations through equity participation arrangements, licensing agreements and export sales.

## **ITEM 2. Properties**

The company's major facilities are set out below:

Facility	Location	Product
Brewery/Packaging	Golden, Colorado	Malt Beverages/Packaged Malt Beverages
Packaging	Elkton, Virginia	Packaged Malt Beverages
Brewery/Packaging	Memphis, Tennessee	Malt Beverages/Packaged Malt Beverages
Can and End Plants	Golden, Colorado	Aluminum Cans and Ends
Bottle Plant	Wheat Ridge, Colorado	Glass Bottles
Distribution Warehouse	Anaheim, California	Wholesale Beer Distribution
Distribution Warehouse	Boise, Idaho	Wholesale Beer Distribution
Distribution Warehouse	Denver, Colorado	Wholesale Beer Distribution
Distribution Warehouse	Norman, Oklahoma	Wholesale Beer Distribution
Distribution Warehouse	Oklahoma City, Oklahoma	Wholesale Beer Distribution

/TABLE

The original brewery site at Golden, which is approximately 2,400 acres, contains brewing, packaging and can manufacturing facilities, as well as gravel deposits and water-storage facilities. All of the Company's facilities are well maintained and suitable for their respective operations.

In 1993, CBC estimates the brewing facilities operated at approximately 84% of the 1994 brewing capacity and the packaging facilities operated at approximately 75% of the 1994 packaging capacity. Annual production capacity can vary due to product mix, packaging mix and seasonality.

The company owns 2,600 acres of land in Rockingham County, Virginia, where the Shenandoah facility is located, and 131 acres in Shelby County, Tennessee, where the Memphis plant is located.

CEC continues to own a transmission pipeline to bring natural gas from certain wells for use at various company facilities in Colorado, and through a subsidiary, will continue to operate a gas transmission pipeline to provide for the natural gas needs of the Shenandoah facility.

### ITEM 3. Legal Proceedings

In January 1992, ACC and CBC (as well as two former affiliates that are now subsidiaries of ACXT) were sued by TransRim Enterprises (USA) Ltd. in Federal District Court for the District of Colorado. ACC, CBC and their former affiliates are parties to a joint defense agreement concerning defense of the case and allocation of liability, if any. TransRim alleges that the defendants misused confidential information and breached an implied contract to proceed with a joint venture project to build and operate a paper board mill. TransRim initially claimed damages totaling \$159 million based on a number of theories, some of which have been removed from the case on defendants' summary judgment motion. TransRim seeks damages for unjust enrichment from alleged savings to CBC in purchases of paper board from other suppliers. The matter is scheduled for trial beginning in late April 1994. Management believes that ACC and CBC have meritorious defenses and that the ultimate outcome will not have a material impact on the Company's financial position or results of operations.

In 1992, CBC appealed to the U.S. Circuit Court of appeals for the First Circuit seeking a review of a ruling of the U.S. District Court for the State of New Hampshire. The District Court had upheld a 1991 U.S. Bankruptcy Court Order awarding damages of \$10 million, plus interest and attorneys' fees, to a former beer distributor. In the fourth quarter of 1993, CBC entered into a settlement of this matter and a related case. The settlement was within the amount of reserves previously established for the matter.

See the Environment section of the Management's Discussion and Analysis for a discussion of the Company's obligation for potential remediation costs at the Lowry Landfill Superfund site and related legal proceedings.

The Company is party to numerous other legal proceedings arising from its business operations. No single such proceeding, and no group of such similar matters, is expected to result in liability that would be material to the Company's consolidated financial position, however, the cost of a proceeding may be material to the results of operations in any given period.

### ITEM 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter ended December 26, 1993.

PART II

ITEM 5. Market for the Registrant's Common Equity and  
Related Stockholder Matters

Adolph Coors Company Class B common stock is traded on the over-the-counter market and is included in the National Association of Securities Dealers Automated Quotation (NASDAQ) National Market System (NMS) listings, under the symbol "ACCOB." Daily stock prices are listed in major newspapers, generally alphabetically under "CoorsB."

The approximate number of record security holders by class of stock at March 18, 1994, is listed below:

Title of Class	Number of Record Holders
Preferred Stock, non-voting	None issued
Class A Common Stock, voting, \$1.00 par value	All shares of this class are held by the Adolph Coors, Jr. Trust
Class B Common Stock, non-voting, no par value	5,751

/TABLE

The range of the high and low quotations and the dividends paid per share for each quarter of the past two years are shown below:

1993

	----- Market Price -----		
	High	Low	Dividends
	-----	-----	-----
First Quarter	17 1/8	15 1/2	\$ 0.125
Second Quarter	18 5/8	16	\$ 0.125
Third Quarter	21 3/4	17 7/8	\$ 0.125
Fourth Quarter	23 1/8	15	\$ 0.125

1992

	----- Market Price -----		
	High	Low	Dividends
	-----	-----	-----
First Quarter	22 1/4	17 7/8	\$ 0.125
Second Quarter	20 5/8	17	\$ 0.125
Third Quarter	20 5/8	18	\$ 0.125
Fourth Quarter	22 7/8	15 1/2	\$ 0.125

/TABLE

ITEM 6. Selected Financial Data

Following is selected financial data for ACC for the six years ended December 26, 1993:

(In thousands, except per share data)	1993	1992	1991	1990	1989	1988
Barrels of Beer Sold	19,828	19,569	19,521	19,297	17,698	16,534
<b>Summary of Operations</b>						
Net sales	\$1,581,811	\$1,550,788	\$1,529,986	\$1,478,287	\$1,367,718	\$1,273,745
Cost of goods sold	\$1,036,864	\$1,035,544	\$1,039,207	980,766	909,339	825,071
Marketing, general and administrative	454,130	429,573	434,141	398,889	386,991	369,006
Research and project development	13,008	12,370	14,252	10,196	10,853	11,125
Special charges	122,540	--	29,599	30,000	41,670	--
Total operating expenses	\$1,626,542	\$1,477,487	\$1,517,199	\$1,419,851	\$1,348,853	\$1,205,202
Operating income (loss)	( 44,731)	73,301	12,787	58,436	18,865	68,543
Other (income) expense - net	12,099	14,672	4,403	5,903	2,546	(6,471)
Income (loss) before income taxes	( 56,830)	58,629	8,384	52,533	16,319	75,014
Income tax expense (benefit)	( 14,900)	22,900	(8,700)	20,300	9,100	28,700
Income (loss) from continuing operations	(\$41,930)	\$ 35,729	\$ 17,084	\$ 32,233	\$ 7,219	\$ 46,314
Per share of common stock	(\$ 1.10)	\$0.95	\$0.46	\$0.87	\$0.20	\$1.26
Income (loss) from continuing operations as a percentage of net sales	( 2.6%)	2.3%	1.1%	2.2%	0.5%	3.6%
<b>Financial Position</b>						
Working capital	\$ 7,197	\$ 112,302	\$ 110,433	\$ 201,043	\$ 193,590	\$ 196,687
Properties - net	\$ 884,102	\$ 904,915	\$ 933,692	\$1,171,800	\$1,012,940	\$1,033,012
Total assets**	\$1,350,944	\$1,373,371	\$1,844,811	\$1,761,664	\$1,530,783	\$1,570,765
Long-term debt	\$ 175,000	\$ 220,000	\$ 220,000	\$ 110,000	\$ --	\$ --
Other long-term liabilities	\$ 34,843	\$ 52,291	\$ 53,321	\$ 58,011	\$ 16,138	\$ 19,367
Shareholders' equity**	\$ 631,927	\$ 685,445	\$1,099,420	\$1,091,547	\$1,060,900	\$1,062,064
Net book value per share of common stock**	16.54	18.17	29.33	29.20	28.75	29.00
Total debt to total capitalization	26.3%	24.3%	19.5%	9.2%	2.0%	1.7%
Return on average shareholders' equity	(6.4%)	(0.2%)	2.3%	3.6%	1.2%	4.5%
<b>Other Information</b>						
Dividends	\$ 19,003	\$ 18,801	\$ 18,718	\$ 18,591	\$ 18,397	\$ 18,311
Per share of common stock	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
Average number of common shares outstanding	37,989	37,561	37,413	37,148	36,781	36,621
Gross profit	\$ 544,947	\$ 515,244	\$ 490,779	\$ 497,521	\$ 458,379	\$ 448,674
Capital Expenditures	\$ 120,354	\$ 115,450	\$ 241,512	\$ 183,368	\$ 149,616	\$ 157,995
Depreciation, depletion and amortization	\$ 118,955	\$ 114,780	\$ 108,367	\$ 98,081	\$ 122,439	\$ 111,432
Full-time employees	6,200	7,100	7,700	7,000	6,800	6,900
Total taxes	\$ 401,667	\$ 437,089	\$ 405,789	\$ 251,606	\$ 236,740	\$ 236,683
Market price range of common stock:						
High	\$23 1/8	\$22 7/8	\$24 1/4	\$27 3/8	\$24 3/8	\$21
Low	\$15	\$15 1/2	\$17 3/8	\$17 1/8	\$17 3/8	\$16 1/2

\*Numbers in italics reflect continuing operations only.

\*\*Reflects the dividend of ACX Technologies, Inc. to shareholders during 1992. See Note 2 to Consolidated Financial Statements.

## **ITEM 7. Management's Discussion and Analysis of Financial Condition and Comparison of Financial Results Fiscal Years 1993, 1992, and 1991**

### **ADOLPH COORS COMPANY**

Consolidated results including 1993 restructuring and other special charges and 1992 discontinued operations

1993 Consolidated Results: During 1993, Adolph Coors Company (ACC or the "Company") was the holding company for a single subsidiary, Coors Brewing Company (CBC or the "company"). CBC produces and markets quality malt-based beverages.

During 1993, company management focused on the need to balance volume gains with improved returns to shareholders. A number of steps were taken to improve profitability and performance. As a direct result of those initiatives, the company recorded restructuring and other special charges of \$122.5 million in the fourth quarter, which resulted in a net loss for the year. The restructuring charge, which totaled \$109.5 million pretax, includes \$70.2 million for voluntary separation incentives designed to reduce the company's white collar work force, as well as \$39.3 million for workplace redesign, asset write-downs and other expenses related to the profit improvement initiatives. As a part of the voluntary separation incentives, 643 employees elected to leave the company. The actions taken related to this charge, when fully implemented, are expected to generate annual pretax savings of more than \$30 million. In addition, these actions position the company to compete more efficiently and effectively in an increasingly competitive business environment. Other special charges unrelated to the profit improvement initiatives totaled \$13 million, primarily for the write-down of certain distributor assets and a provision for environmental enhancements.

For the 52-week fiscal year ended December 26, 1993, ACC reported a net loss of \$41.9 million, or \$1.10 per share, compared to a net loss of \$2.0 million, or \$0.05 per share in 1992. The net loss was the result of the restructuring and other special charges and the 1993 retroactive increase of one percent in the federal corporate income tax rate. The restructuring and other charges had an impact of \$1.98 per share. Before the restructuring and other special charges, the impact of the tax rate increase was an after-tax charge of \$3.2 million, or \$0.08 per share, related to the revaluation of the deferred income tax liability and the change in the current year's tax provision.

1992 Consolidated Results: In 1992, the Company's net loss of \$2.0 million decreased significantly from net income of \$25.5 million, or \$0.68 per share in 1991. Consolidated earnings in 1992 were reduced by a loss from discontinued operations of \$29.4 million (related to the spin-off of ACX Technologies, Inc.), as well as the net after-tax expense of \$8.3 million for the adoption of new accounting standards for employee postretirement benefits (FAS 109) and income taxes (FAS 106).

At the end of 1992, ACC significantly restructured its operations by spinning off its diversified technology businesses into a new, public company, ACX Technologies, Inc. (NASDAQ:ACXT). The results of ACXT are reported as discontinued operations in the consolidated financial statements for all periods presented, except as noted.

### **COORS BREWING COMPANY**

#### **Industry Overview\***

The domestic brewing industry is subject to a number of challenging trends, including a lack of volume growth, intense price competition and the threat of increased excise taxes at the state and federal levels.

Although sales of malt-based beverages accounted for a major share (approximately 87%) of all U.S. alcohol beverage sales, total industry volume, based on domestic tax paid shipments, has declined from 181.6 million barrels in 1991 to an estimated 180.2 million barrels estimated for 1993. Total industry volume, including non-alcohol brews, import and export products has grown from 196.0 million barrels in 1991 to an estimated 198.3 million barrels in 1993. Domestic sales of malt-beverages, excluding imports, have increased less than one-half of one percent over the same time period. Non-alcohol brews, imports and specialty brews account for the fastest growing segments in the industry.

More than 90% of domestic volume is attributable to the top six domestic brewers, Anheuser-Busch, Inc.(44% share), Miller Brewing Company (22% share), Coors Brewing Company (10% share), The Stroh Brewery Company (7-8% share), G. Heileman Brewing (5% share), and S & P Company (3-4% share). In order to protect market share in a flat market, many brewers are resorting to intense price competition and product discounting. For the past few years, price gains for brewers have been well below inflation levels, and it is expected that they will continue to be limited by ongoing competition and price discounting. Analysts have stated that more than 40% of premium beers are now sold on discount. Analysts have also noted a recent trend toward consumer trading-down, e.g. consumers buying lower-priced beers rather than premium products, especially in markets with weaker economies. Some brewers have responded by introducing private label beers, and, according to analysts, some brewers have initiated a form of direct store delivery.

Finally, public discussion continues regarding the possibility of another increase in federal beer excise taxes. If this increase occurs, it is expected to have a significant impact on the entire industry, and could have a material impact on the company's sales, earnings and cash flow.

While these trends bear watching and create intense competitive challenges for all brewers, CBC has managed to achieve increases in volume and net sales for the past nine consecutive years. A critical mission of the company's marketing department is to create steadily increasing equity in each brand. In addition, the company is committed to and strongly supports the three-tier distribution system. Due, in part, to its strong position in premium beer sales, the company continues to be in a good position to generate cash internally. The company's focus is to

achieve a balance of volume growth and improved returns to investors as it moves forward.

\*Industry and competitive information was compiled from the following industry sources: Beer Marketer's Insights, The Maxwell Consumer Report and various securities analyst reports. While Coors believes the sources are reliable, the company cannot guarantee the absolute accuracy of these numbers and estimates, or undertake to advise readers of any change in estimated figures.

Financial Results from Continuing Operations 1993, 1992 and 1991 Excludes 1993 restructuring and other special charges and 1992 impact of discontinued operations.

## Trend summary: percentage increase/(decrease) 1993, 1992 and 1991

	1993 vs 1992	1992 vs 1991	1991 vs 1990
Volume	1.3%	0.2%	1.2%
Industry growth* *see above	0.2%	(0.5%)	(2.3%)
Net sales	2.0%	1.4%	3.5%
Average net price increase	1.1%	1.7%	2.4%
Gross profit	5.8%	5.0%	(1.4%)
Cost of goods sold	0.1%	(0.4%)	6.0%
Marketing, general and administrative	5.7%	(1.1%)	8.8%
Advertising expense	8.8%	(6.1%)	8.9%

/TABLE

Barrel sales: Coors Brewing Company has achieved increases in sales volume for the past three years. Coors increased volume 1.3% in 1993, 0.2% in 1992 and 1.2% in 1991 vs prior year. CBC shipped 19.8 million barrels of malt-based beverages in 1993, compared with 19.6 million in 1992 and 19.5 million in 1991. These increases occurred during a period when overall annual volume increases for the industry were less than one-half of a percent. Volume gains in 1993 are related to strong sales of CBC products in the premium and super-premium categories, which accounted for approximately 85% of the company's volume sales. The volume gain in 1992 was attributable to strong sales of Coors Light, sales of specialty malt beverages, including Killian's, Winterfest and Coors Cutter, and the introduction of Zima Clearmalt.

Net Sales: Net sales for CBC have also increased in each of the past three years. In 1993, CBC reported net sales of \$1.58 billion, up 2% from the \$1.55 billion reported in 1992. Net sales in 1992 were up 1.4%, from the \$1.53 billion reported in 1991. While analysts noted a consumer trend toward "trading down" (e.g. choosing popular-priced products instead of premium-priced products), CBC's volume growth in 1993 came from premium and specialty products.

Gross Profit: Gross profit has improved slightly during the past three years. Gross profit as a percent of net sales was 34.5% in 1993, 33.2% in 1992 and 32.1% in 1991. In 1993, the improvements were primarily a result of increased volume, operational efficiencies and lower aluminum costs. The increase also reflects the divestiture of lower-margin activities associated with the company's transportation and energy businesses. Factors contributing to the 1992 increase were a significant reduction in asset abandonments offset by increased satellite redistribution center costs and an increase in LIFO expense.

Operating Income: Excluding the restructuring and other special charges in 1993, results from discontinued operations in 1992 and a charge in 1991 related to the write-down of energy assets, operating income increased 6.1% in 1993, following a 72.9% increase in 1992. In 1993, higher operating income was the result of increased volume and improved brand mix, as well as aggressive efforts to reduce manufacturing and raw materials costs. The increase in 1992 is attributable to aggressive cost management initiatives and reduced operating expense.

Marketing, general and administrative expense increased 5.7% in 1993, to \$454 million from \$430 million in 1992. The 1993 increase was primarily attributable to increased marketing and promotional spending in support of CBC's expansion of Zima Clearmalt to approximately one-third of the U.S. In 1992, marketing, general and administrative expenses were down 1.1% compared with 1991. The 1992 decrease is primarily attributable to reductions in marketing and advertising expenditures. In 1993 the company ratio of MG&A expense to net sales was approximately 28.7% compared with 27.7% in 1992 and 28.4% in 1991.

Advertising expense: CBC spent \$273 million on advertising in 1993, compared with \$251 million in 1992 and \$267 million in 1991. The majority of the 8.8% increase in advertising in 1993 reflects increased spending in support of the Zima rollout. The company is committed to focusing its resources on those programs that provide the best return on investment, especially Coors Light, Coors Extra Gold in priority markets, Killian's and new products with demonstrated potential, such as Zima.

Research and development costs were materially unchanged. Research and development expense was \$13.0 million in 1993, \$12.4 million in 1992 and \$14.3 million in 1991. The ratio of R&D expense as a percentage of net sales was 0.8% in 1993, 0.8% in 1992 and 0.9% in 1991.

Non-operating expense: Non-operating expense decreased to \$12.1 million from \$14.7 million in 1992. The decrease was primarily related to a decrease in net interest expense attributable to an increase in invested cash and higher interest income. Non-operating expenses of \$14.7 million in 1992 increased from \$4.4 million in 1991. This increase is primarily related to increased interest expense because of a decline in interest capitalized.

Effective tax rate: Excluding the restructuring and other special charges, the Company's effective tax rate in 1993 increased to 48.9% from 39.1% in 1992. This increase was primarily the result of the retroactive increase of 1% in the federal corporate income tax rate for the year, the related revaluation of the Company's deferred income tax liability, and an increase in non-deductible foreign losses. The Company's effective tax rate in 1991 was 103.8%. Changes in the effective tax rate between 1992 and 1991 resulted largely from the resolution of certain income tax contingencies and the reversal of accumulated deferred taxes related to a write-down of assets in 1991 at Coors Energy Company.

## Liquidity and Financial Position:

The Company's primary sources of liquidity are cash provided from operating activities and external borrowings. The Company continues to be in a strong position to generate cash internally. The Company's 1993 net cash position increased 107%, to \$82.2 million in 1993 from \$39.7 million in 1992. Net cash increased 170% percent in 1992 from \$14.7 million in 1991.

## Cash Flow:

Net cash provided/used by operations: Including the 1993 restructuring charge and other special charges and discontinued operations, net cash provided by operations was \$168.5 million, \$155.8 million and \$164.1 million for the years ended 1993, 1992 and 1991 respectively. The 1993 increase in cash from operations was primarily due to higher depreciation, lower accounts receivable and notes receivable, higher accounts payable and higher accrued expenses (primarily related to restructuring and special charges).

The decrease in cash from operations in 1992 compared to 1991 is primarily due to a reduction in current liabilities.

Net cash provided/used by investing activities (including capital expenditures): In 1993, the Company spent \$119.3 million on investing activities, compared with \$140.4 million in 1992 and \$349.8 million in 1991. Capital expenditures increased 4% in 1993 following a 52% reduction in 1992. Capital expenditures totalled \$120.4 million in 1993, \$115.5 million in 1992 and \$241.5 million in 1991. In 1993, capital expenditures were made to expand capacity in Memphis for Zima, routine maintenance and incremental upgrades to all production facilities. Major expenditures by the Company in 1992 were for increased brewing and packaging capacity at the Memphis plant, converting to smaller diameter can ends at the Golden plant and routine repair, upkeep and safety-compliance projects. In 1991, the Company's additions to properties totaled \$241.5 million. Major expenditures were for improvements to CBC's brewing and packaging facilities in Memphis, Tennessee, and Golden, Colorado, and expansion of packaging capacity at CBC's Shenandoah facility.

Net cash provided/used by financing activities: The Company used \$6.6 million of cash in financing activities in 1993. The net cash outflow was primarily to pay dividends, partially offset by the exercise of stock options net of related notes receivable and the proceeds from long-term debt. Net cash provided by financing activities in 1992 resulted from the spin-off of ACXT, offset by the payment of short-term borrowings and the payment of dividends. Net cash provided by financing activities in 1991 resulted from the issuance of long-term debt and short-term borrowings.

## Capital resources:

Debt Securities: Debt securities were issued to the public for the first time in the Company's history in 1990. A shelf registration was filed with the Securities and Exchange Commission for \$300 million of senior debt securities. As of December 26, 1993, \$220 million of medium-term notes were outstanding. The medium-term notes will mature between 1994 and 1999. Fixed interest rates on these notes range between 8.3% and 9.3%. During 1993, the Company entered into a \$5 million financing agreement with the City of Wheat Ridge, Colorado for the expansion of its glass recycling facility. The bonds mature in 2013 and currently carry a variable rate of interest. With the \$220 million of medium-term notes outstanding and the \$5 million of bonds outstanding, the Company's debt-to-total-capitalization ratio was 26.3% at the end of 1993, compared with 24.3% in 1992 and 19.5% at the end of 1991. The current repayment schedule for the notes issued is \$50 million in 1994, \$44 million in 1995, \$36 million in 1996, \$19 million in 1997, \$31 million in 1998 and \$40 million in 1999.

Revolving lines of credit: In addition to the medium-term notes, the Company has an unsecured, committed, short-term revolving line of credit totaling \$100 million. As of December 26, 1993, all \$100 million was available.

Projected 1994 demands on cash/capital: The use of long-term financing and of committed line of credit arrangements to finance capital expansion projects and short-term working capital requirements will vary depending on opportunities in the marketplace.

## Outlook:

In 1993, progress was made on a number of strategic improvement initiatives, including: 1) improving overhead efficiency and effectiveness, 2) generating cash for reinvestment, 3) restructuring field operations and pursuing market opportunities, 4) optimizing logistics and 5) improving production performance.

Strategic priorities for 1994 will be to improve leadership standards for

Coors Brewing Company, re-engineer the company's customer focus, continue to drive quality and productivity in operations and address strategic and market opportunities.

In 1994, the brewing industry will continue to be a very competitive environment. Company management expects minimal average price increases for 1994, as well as continued discounting in major markets. CBC also expects continued spending in support of the Zima national expansion, especially in the first half. Depending on the success of ice beers in domestic markets, CBC may increase spending to support an Artic Ice expansion. However, barring an increase in federal excise taxes and the related potential impact on the industry, company management believes that CBC will continue to achieve moderate volume gains. CBC is also working diligently to continue to improve cost and asset management. Company management is working toward the goal of improved returns on invested capital in line with industry averages within the next few years.

#### Accounting Changes:

The results of operations for 1992 include the adoption of certain accounting rule changes. In 1992, the Company adopted FAS 106, "Employers Accounting for Postretirement Benefits Other Than Pensions," and the financial results for 1992 reflect the adoption. The transition effect of adopting FAS 106 on the immediate recognition basis resulted in a charge of \$38.8 million to 1992 earnings, net of approximately \$23.4 million of income tax effects. The ongoing effect of adopting the new standard increased 1992 net periodic postretirement benefit cost by \$5.2 million.

Also in 1992, the Company adopted FAS 109, "Accounting for Income Taxes," retroactive to the first quarter, and the financial results for 1992 reflect that adoption as well. The adoption increased 1992 earnings by \$30.5 million because of the reversal of excess deferred income tax liability balances.

The Company will adopt FAS 112, "Employers' Accounting for Postemployment Benefits," in fiscal year 1994. We believe the impact will not be material.

#### Environmental:

A top priority of the Company is to ensure compliance with all federal, state and local environmental protection laws and regulations. Compliance with the provisions of federal, state and local environmental laws and regulations did not have a material effect upon the capital expenditures, earnings or competitive position of the Company during 1993.

The Company also continues its commitment to programs directed toward efficient use of resources, waste reduction and pollution prevention. Programs currently underway include recycling initiatives, down weighting of product packages and increasing the recycled content of product packaging materials, paper and other supplies. A new recycled glass processing facility at Coors Glass Manufacturing in Wheat Ridge, Colorado, scheduled to open in May 1994, will result in greater recycled content in CBC beer bottles by doubling recycled material processing capacity. A number of employee task forces throughout the company continually seek effective alternatives for hazardous materials and work to develop innovative technologies to reduce emissions and waste. In addition, the Company has a provision for environmental enhancements.

The Company was one of numerous parties notified by the Environmental Protection Agency (EPA) that it was a generator "Potentially Responsible Party" (PRP) for the Lowry Landfill Superfund site. Lowry is a legally permitted landfill owned by the City and County of Denver that accepted waste materials resulting from a variety of sources from the 1960's until 1980. These materials were disposed of in accordance with procedures established by the City and County of Denver with the oversight of the Colorado Department of Health. During the fourth quarter of 1990, the Company recorded a special pretax charge of \$30 million related to potential cleanup costs for the Lowry site.

In December 1991, the Company was named with 37 other defendants in a lawsuit filed in U.S. District Court. The original plaintiff was the City and County of Denver, later joined by Waste Management of Colorado, Inc., and Chemical Waste Management, Inc. In May 1993, the Court approved a Settlement Agreement between the Company and the plaintiffs to resolve the Company's CERCLA liabilities at Lowry. Under the agreement, the Company agreed to initial payments based upon an assumed present value of \$120 million in total site remediation costs. The agreement provides for the Company to pay a varying share of costs if the total is in excess of this amount. The Company does not believe that significant cost overruns are likely. The EPA has recently proposed remediation requirements for the site with projected costs within the total assumed for settlement purposes. The Company pays its funds into a trust to be applied to site remediation and operating and maintenance costs. The payments are made in annual installments and began in 1993. None

of these payments are expected to be material to the Company's cash flow or financial position. The terms should not result in any adjustment to the \$30 million reserve established in 1990.

In addition, the Company has filed suit against certain of its former and current insurance carriers, seeking past defense costs and investigation, study and remediation costs. Settlements have been reached with two insurance carriers. Litigation against the others is continuing.

The Company has been notified that it is or may be a PRP under CERCLA or similar state laws with respect to the clean-up of other sites where hazardous substances have allegedly been released into the environment. The Company cannot predict with certainty the total costs of clean-up, its share of the total costs or the extent to which contribution will be available from other parties, the amount of time necessary to complete the clean-ups, or insurance coverage. However, based on investigations to date, the Company believes that any liability would not be material to the financial condition of the Company with respect to these sites. There can be no certainty, however, that the Company will not be named as a PRP at additional Superfund sites in the future or that the costs associated with those additional sites will not be material.

In the course of a comprehensive internal audit of air emissions, CBC environmental personnel discovered previously unidentified emissions related to the evaporation of ethanol and the release of other volatile organic compounds at various points in the beer production and packaging processes. The Colorado Department of Health was kept informed throughout the audit. During 1992 and the first quarter of 1993, CBC reported audit results to the Colorado Department of Health and filed for the necessary permits to cover identified emissions. In February and June 1993, CBC received two Notices of Violation (NOV) from the Colorado Department of Health related to these emissions. In July 1993, CBC was issued a Compliance Order by the Colorado Department of Health associated with the first NOV issued in February 1993. CBC appealed the Compliance Order to the Colorado Air Quality Control Commission.

In February 1994, a Settlement Agreement was reached between CBC and the Colorado Department of Health. The agreement resolves all issues contained in both NOV's and the Compliance Order and terminates CBC's appeal. The settlement included a penalty payment of \$100,000 and an Economic Benefit payment of \$137,000. The settlement also established a timetable for CBC to meet Reasonably Available Control Technology (RACT) requirements. These requirements will result in new control equipment for two sources. There is a stipulated penalty of \$125,000 if the proper controls are not completed according to the timetable. Under the settlement, the company also agreed to reduce other emissions, relinquish 70 tons of emission credits and accept permit changes to reduce allowable emissions from the power plant in Golden. The agreement will result in additional capital spending in 1994 and 1995; total costs to meet RACT requirements and other emission requirements in Golden are estimated to be approximately \$2 million. CBC facilities at Memphis and Shenandoah are working with local regulatory authorities to resolve similar, yet considerably smaller, concerns. The Company believes the ultimate resolution of this matter at all facilities will not have a material impact on its consolidated results of operations or financial position.

While it is impossible to predict the eventual aggregate cost to the Company for environmental and related matters, management believes that the payments for these matters will be made over a period of years in amounts which would not be material in any one year to the consolidated results of operations or to the financial or competitive position of the Company. The Company believes adequate accruals have been recorded for losses that are reasonably possible. Furthermore, as the Company continues to focus attention on resource conservation, waste reduction and pollution prevention, it is the Company's belief that potential future liabilities will be reduced.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Consolidated Financial Statements:

Report of Independent Accountants

Consolidated Statement of Income for each of the three years  
ended December 26, 1993

Consolidated Balance Sheet at December 26, 1993  
and December 27, 1992

Consolidated Statement of Cash Flows for each of the three  
years ended December 26, 1993

Consolidated Statement of Shareholders' Equity  
for each of the three years ended December 26, 1993

Notes to Consolidated Financial Statements

Report of Independent Accountants

To the Board of Directors and Shareholders of Adolph Coors Company

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Adolph Coors Company and its subsidiaries at December 26, 1993 and December 27, 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 26, 1993, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 5 and 8 to the consolidated financial statements, the Company adopted Statements of Financial Accounting Standards No. 109, "Accounting for Income Taxes," and No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," in 1992.

PRICE WATERHOUSE

Denver, Colorado  
March 4, 1994

ADOLPH COORS COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF INCOME

For the years ended

	December 26, 1993	December 27, 1992	December 29, 1991
	-----		
	(In thousands, except per share data)		
Sales	\$1,946,592	\$1,911,775	\$1,890,865
Less - federal and state beer excise tax	364,781	360,987	360,879
	-----		
Net sales	1,581,811	1,550,788	1,529,986
	-----		
Costs and expenses:			
Cost of goods sold	1,036,864	1,035,544	1,039,207
Marketing, general and administrative	454,130	429,573	434,141
Research and project development	13,008	12,370	14,252
Special charge (Note 9)	122,540	--	29,599
	-----		
Total operating expenses	1,626,542	1,477,487	1,517,199
	-----		
Operating Income (Loss)	(44,731)	73,301	12,787
	-----		
Other Income (Expense):			
Interest income	2,580	255	770
Interest expense	(15,780)	(16,014)	(5,564)
Miscellaneous-net	1,101	1,087	391
	-----		
Total other income (expense)	(12,099)	(14,672)	(4,403)
	-----		
Income (loss) before income taxes	(56,830)	58,629	8,384
	-----		
Income tax expense (benefit) (Note 5)	(14,900)	22,900	(8,700)
	-----		
Income (loss) from continuing operations	(41,930)	35,729	17,084
	-----		
Net Income (loss) from discontinued operations (Note 2)	--	(29,415)	8,433
	-----		
Income (loss) before cumulative effect of change in accounting principles	(41,930)	6,314	25,517
	-----		
Cumulative effect of change in accounting for postretirement benefits (net of tax)	--	(38,800)	--
	-----		
Cumulative effect of change in accounting for income taxes	--	30,500	--
	-----		
Net income (loss)	\$ (41,930)	\$ (1,986)	\$ 25,517
	=====	=====	=====
Per share of common stock:			
Income (loss) from continuing operations	\$ (1.10)	\$ 0.95	\$ 0.46
	-----		
Net income (loss) from discontinued operations	--	(0.78)	0.22
	-----		
Income (loss) before cumulative effect of change in accounting principles	(1.10)	0.17	0.68
	-----		
Cumulative effect of change in accounting for postretirement benefits	--	(1.03)	--
	-----		
Cumulative effect of change in accounting for income taxes	--	0.81	--
	-----		
Net income (loss) per share of common stock	\$ (1.10)	\$ (0.05)	\$ 0.68
	=====	=====	=====

See accompanying notes to consolidated financial statements.

ADOLPH COORS COMPANY AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

	December 26, 1993	December 27, 1992
	-----	-----
	(In thousands)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 82,211	\$ 39,669
Accounts and notes receivable, less allowance for doubtful accounts of \$409 in 1993 and \$12 in 1992	75,967	108,607
<b>Inventories:</b>		
Finished	56,878	45,472
In process	24,402	25,252
Raw materials	56,370	62,749
Packaging materials	9,581	18,859
	-----	-----
Total inventories	147,231	152,332
Prepaid expenses and other assets	50,188	58,525
Deferred tax asset (Note 5)	28,151	22,598
	-----	-----
Total current assets	383,748	381,731
	-----	-----
Properties, at cost, less accumulated depreciation, depletion and amortiza- tion of \$1,118,292 in 1993 and \$1,019,159 in 1992 (Note 3)	884,102	904,915
Excess of cost over net assets of businesses acquired, less accumulated amortization of \$2,768 in 1993 and \$2,387 in 1992	12,826	13,454
Other assets	70,268	73,271
	-----	-----
Total assets	\$1,350,944	\$1,373,371

See accompanying notes to consolidated financial statements.

Liabilities and Shareholders' Equity	December 26, 1993	December 27, 1992
	-----	-----
	(In thousands)	
Current liabilities:		
Current portion of long-term debt	\$ 50,000	\$ --
Accounts payable	121,376	107,426
Accrued salaries and vacations	41,798	36,794
Taxes, other than income taxes	43,928	46,647
Federal and state income taxes (Note 5)	4,157	4,154
Accrued expenses and other liabilities	115,292	74,408
	-----	-----
Total current liabilities	376,551	269,429
	-----	-----
Long-term debt (Note 4)	175,000	220,000
Deferred tax liability (Note 5)	53,430	79,727
Postretirement benefits (Note 8)	79,193	66,479
Other long-term liabilities	34,843	52,291
	-----	-----
Total liabilities	719,017	687,926
	-----	-----
Shareholders' equity (Note 6):		
Capital stock:		
Preferred stock, non-voting, \$1 par value, 25,000,000 shares authorized and no shares issued	--	--
Class A common stock, voting, \$1 par value, authorized and issued 1,260,000 shares	1,260	1,260
Class B common stock, non-voting, no par value, 100,000,000 shares authorized and 46,200,000 shares issued	11,000	11,000
	-----	-----
Total capital stock	12,260	12,260
	-----	-----
Paid-in capital	54,928	48,557
Retained earnings	584,444	645,377
Other	40	--
	-----	-----
Total shareholders' equity	651,672	706,194
	-----	-----
Less - treasury stock, at cost, Class B shares, 9,260,779 in 1993 and 9,733,481 in 1992	19,745	20,749
	-----	-----
Total shareholders' equity	631,927	685,445
	-----	-----
Commitments and contingencies (Notes 6,7,8,9 and 10)		
Total liabilities and shareholders' equity	\$1,350,944	\$1,373,371
	=====	=====

See accompanying notes to consolidated financial statements.

ADOLPH COORS COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS

	For the years ended		
	December 26, 1993	December 27, 1992	December 29, 1991
	-----	-----	-----
	(In thousands)		
Cash flows from operating activities:			
Net income (loss)	\$ (41,930)	\$ (1,986)	\$ 25,517
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, depletion and amortization	118,955	114,780	108,367
Change in accumulated deferred income taxes	(26,297)	(49,010)	(23,727)
Loss on sale or abandonment of properties	20,387	3,736	36,362
Change in current assets and current liabilities:			
Accounts and notes receivable	32,632	7,101	(18,723)
Inventories	5,101	(5,806)	(33,545)
Prepaid expenses and other assets	2,784	818	(4,763)
Accounts payable	13,950	(13,972)	8,085
Federal and state income taxes	3	387	(10,442)
Accrued expenses and other liabilities	42,390	(12,368)	27,484
Change in deferred items	812	(2,550)	368
Postretirement benefits (Note 8)	12,714	66,479	--
Other	(13,008)	(5,243)	1,174
Other - discontinued operations	--	53,410	47,991
	-----	-----	-----
Net cash provided by operating activities	168,493	155,776	164,148
	-----	-----	-----
Cash flows from investing activities:			
Additions to properties	(120,354)	(115,450)	(241,512)
Proceeds from sale of properties	2,268	26,091	7,834
Change in other intangible assets	--	(2,413)	(7,213)
Other	(1,238)	6,404	9,875
Other - discontinued operations	--	(55,035)	(118,765)
	-----	-----	-----
Net cash (used by) investing activities	(119,324)	(140,403)	(349,781)
	-----	-----	-----
Cash flows from financing activities:			
Net change in short-term borrowings	12	(46,300)	46,300
Proceeds from long-term debt	5,000	--	110,000
Exercise of stock options, net of related notes receivable	7,375	4,960	1,605
Dividends paid	(19,003)	(18,801)	(18,718)
Other	(11)	14	(26)
Other - discontinued operations	--	69,708	(2,561)
	-----	-----	-----
Net cash provided (used) financing activities	(6,627)	9,581	136,600
	-----	-----	-----
Cash and cash equivalents:			
Net increase (decrease) in cash and cash equivalents	42,542	24,954	(49,033)
Balance at beginning of year	39,669	14,715	63,748
	-----	-----	-----
Balance at end of year	\$ 82,211	\$ 39,669	\$ 14,715
	=====	=====	=====

See accompanying notes to consolidated financial statements.

ADOLPH COORS COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Common stock issued		Paid-in capital	Retained earnings	Treasury stock	Other	Total
	Class A	Class B					
	-----	-----	-----	-----	-----	-----	-----
	(In thousands, except per share data)						
Balance at December 30, 1990	\$1,260	\$11,000	\$42,423	\$1,057,473	\$ (21,413)	\$ 804	\$1,091,547
Exercise of stock options, including \$163 income tax benefit and reduced by \$937 of related loans outstanding to employees (Note 6)			1,423		182		1,605
Deferred compensation and other			254		(21)	(764)	(531)
Net income				25,517			25,517
Cash dividends-\$0.50 per share				(18,718)			(18,718)
	-----	-----	-----	-----	-----	-----	-----
Balance at December 29, 1991	1,260	11,000	44,100	1,064,272	(21,252)	40	1,099,420
Exercise of stock options, including \$384 income tax benefit and increased by \$805 of payments on related loans outstanding to employees (Note 6)			4,457		503		4,960
Deferred compensation and other						(321)	(321)
Net loss				(1,986)			(1,986)
Cash dividends-\$0.50 per share				(18,801)			(18,801)
Distribution to shareholders of ACX Technologies, Inc. (Note 2)				(398,108)		281	(397,827)
	-----	-----	-----	-----	-----	-----	-----
Balance at December 27, 1992	1,260	11,000	48,557	645,377	(20,749)	--	685,445
Exercise of stock options, including \$895 income tax benefit and increased \$132 of payments on related loans outstanding to employees (Note 6)			6,371		1,004		7,375
Other						40	40
Net loss				(41,930)			(41,930)
Cash dividends-\$0.50 per share				(19,003)			(19,003)
	-----	-----	-----	-----	-----	-----	-----
Balance at December 26, 1993	\$1,260	\$11,000	\$54,928	\$ 584,444	\$ (19,745)	\$ 40	\$ 631,927
	=====	=====	=====	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

# ADOLPH COORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1:

#### Summary of Accounting Policies

Fiscal year: The fiscal year of the Company is a 52- or 53-week period ending on the last Sunday in December. Fiscal years for the financial statements included herein ended December 26, 1993, December 27, 1992 and December 29, 1991.

Principles of consolidation: The consolidated financial statements include the accounts of Adolph Coors Company, its sole direct subsidiary, Coors Brewing Company (CBC), and all subsidiaries of CBC (collectively referred to as "the Company"). All significant intercompany accounts and transactions have been eliminated. Certain reclassifications were made to 1991 amounts to conform with current presentation.

Inventories: Inventories are stated at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for substantially all inventories. Current cost, as determined principally on the first-in, first-out method, exceeded LIFO cost by \$46,705,000 and \$52,959,000 at December 26, 1993, and December 27, 1992, respectively. During 1993, total inventory costs and quantities were reduced, resulting in a LIFO liquidation, the effect of which was not material.

Properties: Land, buildings and equipment are capitalized at cost. For financial reporting purposes, depreciation is provided principally on the straight-line method over the estimated useful lives of the assets. Accelerated depreciation methods are generally used for income tax purposes. Expenditures for new facilities and improvements that substantially extend the capacity or useful life of an asset are capitalized. Start-up costs associated with manufacturing facilities, but not related to construction, are expensed as incurred. Ordinary repairs and maintenance are expensed as incurred (Note 3).

Interest capitalized, expensed and paid was as follows:

	For the years ended		
	December 26, 1993	December 27, 1992	December 29, 1991
	(In thousands)		
Interest costs			
Continuing operations	\$20,580	\$21,631	\$13,648
Discontinued operations	--	\$ 6,044	\$ 3,939
Interest capitalized			
Continuing operations	\$(4,800)	\$(5,617)	\$(8,084)
Discontinued operations	--	\$(1,456)	\$(8,914)
Interest expensed			
Continuing operations	\$15,780	\$16,014	\$ 5,564
Discontinued operations	--	\$ 4,588	\$(4,975)
Interest paid	\$20,172	\$23,339	\$14,312

/TABLE

Excess of cost over net assets of businesses acquired: The excess of cost over the net assets of businesses acquired in transactions accounted for as purchases is being amortized on a straight-line basis, generally over a 40-year period.

Hedging transactions: The Company periodically enters into forward, future and option contracts for foreign currency and commodities to hedge its exposure to exchange rates and price fluctuations for raw materials and fixed assets used in the production of beer. The gains and losses on these contracts are deferred and recognized in cost of sales as part of the product cost.

Concentration of credit risk: The majority of the accounts receivable balances as of December 26, 1993, and December 27, 1992, were from malt beverage distributors. The Company secures substantially all of this credit risk with purchase money security interests in inventory and proceeds, personal guarantees and/or letters of credit.

Statement of cash flows: The Company defines cash equivalents as highly liquid investments with original maturities of 90 days or less. Income taxes paid were \$15,367,000 in 1993, \$26,167,000 in 1992 and \$29,183,000 in 1991.

Net Income per common share: Net income per common share is based on the weighted average number of shares of common stock outstanding during each year. Except for voting, both classes of common stock have the same rights and privileges.

Environmental expenditures: Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated.

#### NOTE 2:

##### Discontinued Operations

In May 1992, the board of directors of the Company authorized development of a plan to distribute to its shareholders its ceramics, aluminum, packaging and technology-based developmental businesses (the Technology Businesses). On August 12, 1992, the Company formed ACX Technologies, Inc. (ACXT or ACX Technologies) to own the Technology Businesses. On December 27, 1992, the Company distributed to its shareholders the common stock of ACXT. Accordingly, the results of ACXT and the Technology Businesses are reported as discontinued operations in these consolidated financial statements for all periods presented except as noted. Each holder of record of the Company's common stock on December 16, 1992, received one share of ACXT common stock for every three shares of Adolph Coors Company common stock held as of such date. ACXT stock is publicly traded on the over-the-counter market under the symbol "ACXT."

The loss from discontinued operations for the year ended December 27, 1992, was \$29,415,000 or \$0.78 per share. The 1992 results included approximately \$7,200,000, or \$0.19 per share, for transaction costs associated with the spin-off and a fourth quarter pretax charge of \$13,700,000, or \$0.36 per share, related to restructuring of operations primarily at Coors Ceramics Company and Golden Technologies Company, Inc. Discontinued operations for 1992 also included the operating results of the Technology Businesses and ACXT's adoption of the new accounting standards for postretirement benefits and income taxes. Net income from discontinued operations for the year ended December 29, 1991, was \$8,433,000, or \$0.22 per share.

Historical marketing, general and administrative expenses for the Technology Businesses, which included costs incurred directly by and for the Technology Businesses, plus a reasonable portion of other shared historical corporate expenses, were allocated to discontinued operations.

Interest expense in 1992 and 1991 was allocated based on short-term borrowings up to \$75,000,000, which is approximately the amount of outside debt owed by ACXT immediately after the distribution. Interest expense on the short-term borrowings was based on interest rates ranging from 3.1% to 6.9% resulting in interest costs of \$6,044,000 and \$3,939,000 for the years ended December 27, 1992, and December 29, 1991, respectively. Interest expense was capitalized based on construction in progress balances rather than on actual interest expense allocated.

The following summarizes the results of operations for discontinued operations:

For the years ended

	December 26, 1993	December 27, 1992	December 29, 1991
	-----	-----	-----
		(In thousands)	
Outside sales	\$ --	\$ 413,969	\$ 387,436
	-----	-----	-----
Income (loss) before income taxes	\$ --	\$ (24,215)	\$ 14,833
Income tax expense (benefit)	--	(7,200)	6,400
	-----	-----	-----
Income (loss) before cumulative effect of change in accounting principles	--	(17,015)	8,433
Cumulative effect of change in accounting for postretirement benefits (net of tax)	--	(13,200)	--
Cumulative effect of change in accounting for income taxes	--	800	--
	-----	-----	-----
Net income (loss) from discontinued operations	\$ --	\$ (29,415)	\$ 8,433
	=====	=====	=====

/TABLE

NOTE 3:

Properties

The cost of properties and related accumulated depreciation, depletion and amortization consists of the following:

	For the years ended	
	December 26, 1993	December 27, 1992
	(In thousands)	
Land and improvements	\$ 93,436	\$ 92,611
Buildings	427,111	409,181
Machinery and equipment	1,394,156	1,338,296
Natural resource properties	22,386	25,195
Construction in progress	65,305	58,791
	-----	-----
	2,002,394	1,924,074
Less-accumulated depreciation, depletion and amortization	1,118,292	1,019,159
	-----	-----
Net properties	\$ 884,102	\$ 904,915
	=====	=====

/TABLE

NOTE 4:

Debt

During 1993, the Company entered into a \$5 million financing agreement with the City of Wheat Ridge, Colorado for the construction of a glass recycling plant. The financing agreement obligates the Company to pay the principal, interest, and premium, if any, on the City of Wheat Ridge, Colorado Industrial Development Bonds (Adolph Coors Company Project) Series 1993. The bonds mature in 2013. They are currently variable rate securities with interest payable on the first of March, June, September and December. The weighted average interest rate during 1993 was 2.7%.

As of December 26, 1993, the Company had issued \$220 million of unsecured medium-term notes. All notes have interest due semi-annually in April and October at fixed interest rates ranging from 8.3% to 9.3% per annum. The repayment schedule for the notes issued is \$50 million in 1994, \$44 million in 1995, \$36 million in 1996, \$19 million in 1997, \$31 million in 1998 and \$40 million in 1999.

The Company has an unsecured committed short-term credit arrangement totalling \$100 million, and as of December 26, 1993, all \$100 million was available. This line of credit is negotiated annually. This credit arrangement is subject to the Company maintaining certain financial ratios, and the only restriction for withdrawal is that the Company meet specific covenant criteria. As of December 26, 1993, the Company also had uncommitted credit arrangements available, of which nothing was outstanding. The Company pays no commitment fees for these uncommitted arrangements, which are on a funds-available basis. Interest rates are negotiated at the time of borrowing.

NOTE 5:

Income Taxes

In 1992, the Company and its subsidiaries adopted Statement of Financial Accounting Standards No. 109 (FAS 109), "Accounting for Income Taxes". The transition effect of adopting FAS 109 resulted in a \$30.5 million increase in net income reflected as the cumulative effect of a change in accounting principle in 1992. The 1991 amounts are reflected under Accounting Principles Board Opinion No. 11 (APB 11).

The provision for income taxes charged to continuing operations was as follows:

	For the years ended	
	December 26, 1993	December 27, 1992
	(In thousands)	
Current provision:		
Federal	\$ 14,479	\$ 20,193
State	2,471	3,827
Total current tax expense	16,950	24,020
Deferred:		
Federal	(27,890)	(1,025)
State	( 3,960)	( 95)
Total deferred tax (benefit)	(31,850)	(1,120)
Total income tax expense (benefit)	\$ (14,900)	\$ 22,900
	=====	=====

/TABLE

The deferred tax assets (liabilities) are composed of the tax effect of the following:

	As of	
	December 26, 1993	December 27, 1992
	(In thousands)	
Tax in excess of book depreciation and amortization	\$ (125,157)	\$ (117,823)
(Gain) loss on sale or write-down of assets	(3,032)	1,168
Deferred compensation and other employee related	12,192	13,055
Change in balance sheet reserves and accruals	37,356	8,679
Environmental accruals	11,606	10,783
Alternative minimum tax	9,155	2,066
Capitalized interest	(2,155)	(2,699)
Other employee postretirement benefits (Note 8)	31,065	25,557
State deferred taxes, net of federal income tax benefit	648	704
Other - net	3,043	1,381
Net deferred tax liability	\$ (25,279)	\$ (57,129)

/TABLE

In 1992, the Company's income tax expense for discontinued operations differed from the federal statutory rate of 34% because of non-deductible expenses of 8.8% and other items (similar to those below) of 4.5%. The effective rate was 29.7%.

Income taxes as reflected in the Consolidated Statement of Income differ from the amounts computed by applying the statutory federal corporate tax rate to income as follows:

	For the years ended	
	December 26, 1993	December 27, 1992
	-----	-----
Expected tax rate	(35.0%)	34.0%
State income taxes (net of federal income tax benefit)	(1.7)	3.7
Revaluation of deferred income tax liability	4.4	--
Unremitted earnings of foreign joint venture	2.6	--
Non-deductible expenses and losses	2.7	--
Other - net	0.8	1.4
	-----	-----
Effective tax rate	(26.2%)	39.1%
	=====	=====

/TABLE

The 1991 amounts are reflected under APB 11. The provision for income taxes applicable to continuing operations was as follows:

For the year ended

December 29,  
1991

(In thousands)

Current provision:

Federal	\$ 15,557
State	3,010
Total current tax expense	18,567
Total deferred tax (benefit)	(27,267)
Total income tax (benefit)	\$ (8,700)
	=====

/TABLE

Certain items of income and expense are recognized in different periods for tax and financial reporting purposes. The income tax effects of these timing differences are provided at current rates in the period in which the amounts are reflected in the Consolidated Statement of Income. The principal sources of these differences and the tax effects of each are as follows:

	For the year ended
	-----
	December 29,
	1991
	-----
	(In thousands)
Tax in excess of book depreciation and amortization	\$ 1,161
Loss on sale or write-down of assets	(24,251)
Pension and other employee benefits	(3,827)
Intangible drilling and development costs	774
Excess of tax over book interest deduction on capital projects	1,177
Reclassification of prior year taxes and alternative minimum tax	(2,094)
Other - net	(207)
	-----
Total deferred tax (benefit) - net	\$(27,267)
	=====

/TABLE

The reconciliation of income tax expense to the amount computed by applying the U.S. federal statutory income tax rate to pretax income is summarized as follows:

	For the year ended
	-----
	December 29,
	1991
	-----
Expected tax rate	34.0%
State income taxes (net of federal income tax benefit)	6.2
Non-deductible expenses and losses	4.8
Resolution of certain income tax contingencies	(44.1)
Reversal of accumulated deferred taxes related to write-down of assets	(107.3)
Other - net	2.6
Effective tax rate	----- (103.8%) =====

/TABLE

The Internal Revenue Service (IRS) has completed its examination of the Company's federal income tax returns through 1985. The IRS is currently examining the fiscal years 1986 through 1990. In the opinion of management, adequate accruals have been provided for all income tax matters and related interest.

The Company and ACX Technologies have entered into a tax sharing agreement that provides for, among other things, the treatment of tax matters for periods prior to the distribution date and responsibility for adjustments as a result of audits by taxing authorities and is designed to preserve the status of the distribution as a tax-free distribution.

NOTE 6:

Stock Option and Restricted Stock Award Plans

Under the Company's stock option plans, officers and other key employees may be granted options each of which allows for the purchase of shares of the Company's common stock. The option price on outstanding options is equal to the fair market value of the stock at the date of grant. The 1983 non-qualified Adolph Coors Company Stock Option Plan, as amended, provides for options to be granted at the discretion of the board of directors. These options expire 10 years from date of grant. No options have been granted under this plan since 1989. At this time, the board of directors has decided not to grant additional options under this plan. The Non-Qualified Equity Incentive Plan (NQEI Plan) that became effective January 1, 1990, provides for two types of grants: restricted stock awards and stock options. The stock options have a term of 10 years with exercise prices equal to market on the day of the grant. One-third of the stock option grant is vested in each of the three successive years after the date of grant. Vesting in the restricted stock awards is over a three-year period from the date of grant. All restricted shares outstanding as of December 27, 1992, became fully vested because of the spin-off. The compensation cost associated with these awards is amortized to expense over the vesting period. In 1991, the Company adopted an Equity Compensation Plan for Non-Employee Directors (EC Plan). The EC Plan provides for two grants of the Company's stock; the first grant is automatic and equals 20% of the Director's annual retainer and the second grant is elective and covers the balance of the retainer. The compensation cost associated with the EC Plan is amortized over the Director's term. In 1992, all grants under the restricted stock plan were accelerated to fully vest because of the spin-off.

Changes in stock options are as follows:

	Shares	Price range per share
Outstanding at December 30, 1990	1,788,400	\$14.50-\$30.50
Granted	154,800	\$19.38
Cancelled	(53,200)	\$21.25-\$24.63
Exercised	(85,500)	\$14.50-\$21.75
Outstanding at December 29, 1991	1,804,500	\$14.50-\$30.50
Adjustment due to ACX Technologies, Inc. spin-off	(147,400)	--
Granted	--	--
Cancelled	(90,600)	\$14.50-\$30.50
Exercised	(276,100)	\$13.00-\$24.63
Outstanding at December 27, 1992	1,290,400	\$13.00-\$30.50
Granted	83,000	\$16.44-\$16.50
Cancelled	(60,100)	\$13.24-\$21.35
Exercised	(465,000)	\$10.82-\$18.36
Outstanding at December 26, 1993	848,300	\$10.82-\$22.75
Options exercisable at:		
December 27, 1992	1,156,100	
December 26, 1993	841,300	

Common stock reserved for options, and restricted stock awards totaled 2,331,800 shares as of December 26, 1993, and 1,864,100 shares as of December 27, 1992.

In January 1993, the number and exercise price of all options outstanding at the time of the ACX Technologies spin-off were adjusted to compensate for the economic value of the options as a result of the distribution to shareholders. The options of officers who transferred to ACX Technologies were cancelled. The net effect of these adjustments decreased the number of options outstanding by 147,400.

**NOTE 7:**

**Employee Retirement Plans**

The Company maintains several defined benefit pension plans for the majority of its employees. Benefits are based on years of service and average base compensation levels over a period of years. Plan assets consist primarily of equity, real estate and interest-bearing investments. The Company's funding policy is to contribute annually not less than the ERISA minimum funding standards, nor more than the maximum amount which can be deducted for federal income tax purposes. Total expense for these plans, as well as a savings and investment (thrift) plan, was \$39,873,000 in 1993, \$20,282,000 in 1992 and \$14,635,000 in 1991. The 1993 increase in plan expense resulted primarily from the offering of the early retirement program and plan changes. Included in the 1993 service cost is \$16.5 million which was the result of the early retirement program. That 1993 expense has been included in restructuring costs (Note 9).

	For the years ended		
	December 26, 1993	December 27, 1992	December 29, 1991
	----- (In thousands) -----		
Service cost-benefits earned during the year	\$ 27,089	\$ 10,873	\$ 8,291
Interest cost on projected benefit obligations	24,332	20,818	18,479
Actual (gain) loss on plan assets	(35,329)	(9,748)	(38,637)
Net amortization and deferral	16,929	(7,639)	21,639
Net pension expense	\$ 33,021	\$ 14,304	\$ 9,772
	=====	=====	=====

/TABLE

The funded status of the pension plans and amounts recognized in the Consolidated Balance Sheet are as follows:

	As of	
	December 26, 1993	December 27, 1992
	(In thousands)	
Actuarial present value of accumulated plan benefits, including vested benefits of \$273,589 in 1993 and \$185,351 in 1992	\$290,318	\$194,750
Projected benefit obligations for service rendered to date	\$380,594	\$268,435
Plan assets available for benefits	253,526	202,809
Plan assets less than projected benefit obligations	127,068	65,626
Unrecognized net loss	(94,416)	(46,315)
Prior service cost not yet recognized	(25,402)	(19,237)
Unrecognized net asset being recognized over 15 years	10,872	12,561
Net accrued pension liability	\$ 18,122	\$ 12,635

Significant assumptions used in determining the valuation of the projected benefit obligations as of the end of 1993, 1992 and 1991 were:

	1993	1992	1991
Settlement rate	7.25%	8.75%	8.75%
Increase in compensation levels	5.00%	5.75%	5.75%
Rate of return on plan assets	9.50%	10.50%	10.50%

/TABLE

NOTE 8:

Non-Pension Postretirement Benefits

The Company has defined benefit postretirement plans that provide medical benefits and life insurance for retirees and eligible dependents. The plans are not funded.

In 1992, the Company adopted Statement of Financial Accounting Standards No. 106 (FAS 106), "Employers' Accounting for Postretirement Benefits Other Than Pensions". This statement required the recognition of postretirement benefits expense on an accrual basis during the employee's active working career and the recognition of a minimum liability for the amount of unfunded accumulated postretirement benefit obligation.

The transition effect of adopting FAS 106 in 1992 resulted in an after-tax charge to 1992 earnings of \$52 million, \$13.2 million of which is included in results of discontinued operations, for the year ended December 27, 1992. The on-going effect of adopting the new standard increased net periodic postretirement pretax benefit cost by \$5.6 million in 1993 and by \$7.4 million in 1992, \$1.6 million of which is included in results of discontinued operations.

This obligation was determined by the application of the terms of medical and life insurance plans, together with relevant actuarial assumptions and health care cost trend rates ranging ratably from 12% in 1992 to 5.25% in the year 2006. The effect of an annual 1% increase in trend rates would increase the accumulated postretirement benefit obligation by approximately \$10.5 million and \$5.8 million in 1993 and 1992, respectively. The effect of a 1% increase in trend rates also would have increased the ongoing annual cost by \$1 million and \$1.1 million in 1993 and 1992, respectively. The discount rate used in determining the accumulated postretirement benefit obligation was 7.25% and 8.75% at December 26, 1993 and December 27, 1992, respectively. The 1993 increase in plan expense resulted principally from an early retirement program. Included in the 1993 service cost is \$7.7 million which was the result of the early retirement program. That 1993 expense has been included in Restructuring Costs (See Note 9).

Net periodic postretirement benefit cost included the following:

	For the years ended	
	December 26, 1993	December 27, 1992
	(In thousands)	
Service cost-benefits attributed to service during the period	\$ 10,163	\$ 2,526
Interest cost on accumulated postretirement benefit obligation	5,311	4,859
Amortization of net gain	(239)	--
Return on plan assets	--	--
Net periodic postretirement benefit cost	\$ 15,235 =====	\$ 7,385 =====

The funded status was as follows:

	As of	
	December 26, 1993	December 27, 1992
	(In thousands)	
Accumulated postretirement benefit obligation:		
Retirees	\$ 43,254	\$ 9,829
Fully eligible active plan participants	16,737	13,275
Other active plan participants	35,008	44,931
Total	94,999	68,035
Plan assets at fair value	--	--
Accumulated postretirement obligation in excess of plan assets	94,999	68,035
Unrecognized net loss	(18,273)	--
Unrecognized prior service cost	4,578	--
Accrued postretirement benefit obligation in the Consolidated Balance Sheet	\$ 81,304	\$ 68,035

/TABLE

NOTE 9:

Special Charges

Fourth quarter results for 1993 include several special charges. These special charges are shown as a separate item in the accompanying Consolidated Statement of Income and resulted in a pretax charge of \$122.5 million, or \$1.98 per share after income tax. A restructuring charge, which totalled \$109.5 million, or \$1.77 per share after income tax, resulted from the Company's announcement in July 1993, of a restructuring program designed to reduce costs, improve operating efficiencies and increase shareholder value. The restructuring charge includes \$70.2 million for voluntary severance and early retirement incentives designed to reduce the Company's white-collar work force, as well as \$39.3 million for workplace redesign, asset write-downs and other expenses related to profit improvement initiatives. Substantially all of the payments for voluntary severance and early retirement incentives occurred in 1993. Of the \$39.3 million, approximately \$22 million relates to workplace redesign and other expenses related to profit improvement initiatives, and approximately \$17.3 million relates to asset write-downs. Other special charges unrelated to the profit improvement initiatives totalled \$13 million for the write-down of certain distributor assets and a provision for environmental enhancements.

Fourth quarter results for 1991 include a non-cash pretax charge of \$29.6 million related to asset write-downs at Coors Energy Company. Certain assets of Coors Energy Company were evaluated for disposition, and the net book value of these assets was adjusted to estimated fair market value. The impact of the asset write-down on 1991 earnings was \$9.9 million, or \$0.26 per share, and reflects a tax benefit from the reversal of deferred taxes previously recorded at higher tax rates.

NOTE 10:

Commitments and Contingencies

It is the policy of the Company to act as a self-insurer for certain insurable risks consisting primarily of employee health insurance programs, workers' compensation and general liability contract deductibles.

In 1993, CBC entered into a five-year supply contract to purchase substantial amounts of packaging raw materials from two subsidiaries of ACX Technologies. These contracts are for pre-determined quantities and based on market pricing.

In January 1992, ACC and CBC (as well as two former affiliates that are now subsidiaries of ACXT) were sued by TransRim Enterprises (USA) Ltd. in Federal District Court for the District of Colorado. ACC, CBC and their former affiliates are parties to a joint defense agreement concerning defense of the case and allocation of liability, if any. TransRim alleges that the defendants misused confidential information and breached an implied contract to proceed with a joint venture project to build and operate a paper board mill. TransRim initially claimed damages totaling \$159 million based on a number of theories, some of which have been removed from the case on a number of the defendants' summary judgment motions. TransRim seeks damages for unjust enrichment from alleged savings to CBC in purchases of paper board from other suppliers. The matter is scheduled for trial beginning in April 1994. Management believes that ACC and CBC have meritorious defenses and that the ultimate outcome will not have a material impact on the Company's financial position and results of operations.

In 1992, CBC appealed to the U.S. Circuit Court of Appeals for the First Circuit seeking a review of a ruling of the U.S. District Court for the State of New Hampshire. The District Court had upheld a 1991 U.S. Bankruptcy Court order awarding damages of \$10 million, plus interest and attorneys' fees, to a former beer distributor. In the fourth quarter of 1993, CBC entered into a settlement of this matter and a related case. The settlement was within the amount of reserves previously established for the matter.

In 1993, CBC continued to perform under an agreement, established in 1990, to purchase 5.4 billion aluminum can bodies over an indefinite period of time with no annual minimum purchase requirement. The contract may be terminated by either party pursuant to the occurrence of certain events.

In 1993, a subsidiary of CBC continued to participate in an agreement to purchase coal for CBC's steam generation facility. The agreement runs for a five-year period beginning in 1990 and requires the purchase of a minimum of 330,000 tons of coal per contract year.

In July 1991, the Company became aware that Mutual Benefit Life Insurance Company (MBLIC) had been placed under the control of the State of New Jersey. The Company is a holder of several life insurance policies and annuities through MBLIC. The cash surrender value under these policies, net of

outstanding loans, approximates \$5,952,000. Policyholders have been notified that all claims, benefits and annuity payments will continue to be paid in full; however, at this time policyholders are able to only partially redeem their policies for cash.

In 1991, CBC entered into an agreement with Colorado Baseball Partnership 1993, Ltd. for an equity investment and multi-year signage and advertising package. This commitment, totalling approximately \$30,000,000, was finalized upon the awarding of a National League baseball franchise to Colorado in 1991. The initial investment as a limited partner has been paid.

During the fourth quarter of 1991, the Company was named with 37 other defendants in a lawsuit filed in U.S. District Court. The plaintiffs were the City and County of Denver, Waste Management of Colorado, Inc., and Chemical Waste Management, Inc. The suit sought recovery of \$20,000,000 in Lowry costs and a declaratory judgment that defendants are liable for all prior and future site costs.

In 1993, the Company reached an agreement with the plaintiffs to resolve the Company's CERCLA liabilities at Lowry. The initial payments are based upon an assumed present value of \$120,000,000 in total site remediation costs. The agreement provides for the Company to pay a varying share of costs if the total is in excess of this amount. The Company does not believe that significant cost overruns are likely. Under the agreement, the Company pays its funds into a trust to be applied to site remediation and operating and maintenance costs. The payments are made in annual installments beginning in 1993. None of these payments are expected to be material to the Company's cash flow or financial position. The terms did not result in any adjustment to the \$30,000,000 reserve established in 1990.

The Company also is named as defendant in various actions and proceedings arising in the normal course of business. In all of these cases, the Company is denying the allegations and is vigorously defending against them and, in some instances, has filed counterclaims. Although the eventual outcome of the various lawsuits cannot be predicted, it is management's opinion these suits will not result in liabilities to such extent that they would materially affect the Company's financial position.

NOTE 11:

Quarterly Financial Information (Unaudited)

The following summarizes selected quarterly financial information for each of the two years in the period ended December 26, 1993. The third quarter is a 16-week period; all other fiscal quarters are 12 weeks.

As described in Note 9, income from continuing operations in the fourth quarter of 1993 was reduced by special pretax charges of \$122,540,000, or \$1.98 per share.

Income from continuing operations in the fourth quarter of 1992 was reduced by asset write-downs totaling \$1,845,000, or \$0.05 per share, a \$1,747,000, or \$0.05 per share adjustment to inventories and a \$1,717,000, or \$0.05 per share, adjustment due to change in accounting estimates.

Income from discontinued operations in the fourth quarter of 1992 was reduced by a pretax charge of \$13,700,000, or \$0.36 per share, related to the restructuring of certain operations at ACXT subsidiaries.

ADOLPH COORS COMPANY AND SUBSIDIARIES  
QUARTERLY FINANCIAL STATEMENT (UNAUDITED)

	First -----	Second -----	Third -----	Fourth -----	Year ----
	(In thousands, except per share data)				
1993					
Net sales	\$295,983	\$412,868	\$535,627	\$ 337,333	\$1,581,811
Cost of goods sold	198,905	257,539	349,149	231,271	1,036,864
Marketing, general and administrative	82,747	115,803	158,288	97,292	454,130
Research and project development	2,602	2,833	4,506	3,067	13,008
Special charges including restructuring charge	--	--	--	122,540	122,540
Other (income) expense-net	3,374	2,904	3,696	2,125	12,099
Total costs and expenses	287,628	379,079	515,639	456,295	1,638,641
Income (loss) before income taxes	8,355	33,789	19,988	(118,962)	(56,830)
Income tax expense (benefit)	3,700	14,900	10,400	(43,900)	(14,900)
Net income (loss)	\$ 4,655	\$ 18,889	\$ 9,588	\$ (75,062)	\$ (41,930)
Per share of common stock:					
Net income (loss) per share of common stock	\$ 0.12	\$ 0.50	\$ 0.25	\$ (1.97)	\$ (1.10)

	First -----	Second -----	Third -----	Fourth -----	Year ----
	(In thousands, except per share data)				
1992					
Net sales	\$285,840	\$408,714	\$516,992	\$ 339,242	\$1,550,788
Cost of goods sold	189,780	262,212	338,270	245,282	1,035,544
Marketing, general and administrative	90,803	116,749	128,884	93,137	429,573
Research and project development	3,081	3,060	3,367	2,862	12,370
Other (income) expense-net	2,870	3,955	3,822	4,025	14,672
Total costs and expenses	286,534	385,976	474,343	345,306	1,492,159
Income (loss) before income taxes	(694)	22,738	42,649	(6,064)	58,629
Income tax expense (benefit)	(100)	7,800	17,800	(2,600)	22,900
Income (loss) from continuing operations	(594)	14,938	24,849	(3,464)	35,729
Net income (loss) from discontinued operations	(12,101)	3,324	(1,404)	(19,234)	(29,415)
Net Income (loss) before cumulative effect of change in accounting principles	(12,695)	18,262	23,445	(22,698)	6,314
Cumulative effect of change in accounting for postretirement benefits (net of tax)	(38,800)	--	--	--	(38,800)
Cumulative effect of change in accounting for income taxes	30,500	--	--	--	30,500
Net income (loss)	\$(20,995)	\$ 18,262	\$ 23,445	\$ (22,698)	\$ (1,986)
Per share of common stock:					
Income (loss) from continuing operations	\$ (0.02)	\$ 0.40	\$ 0.66	\$ (0.09)	\$ 0.95
Net income (loss) from discontinued operations	(0.32)	0.09	(0.04)	(0.51)	(0.78)
Net Income (loss) before cumulative effect of change in accounting principles	(0.34)	0.49	0.62	(0.60)	0.17
Cumulative effect of change in accounting for postretirement benefits	(1.03)	--	--	--	(1.03)
Cumulative effect of change in accounting for income taxes	0.81	--	--	--	0.81

Net income (loss) per share of common stock	----- \$ (0.56) =====	----- \$ 0.49 =====	----- \$ 0.62 =====	----- \$ (0.60) =====	----- \$ (0.05) =====
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## **ITEM 9. Disagreements on Accounting and Financial Disclosure**

Within the last two fiscal years there have been no changes in the Company's independent accounting firm or disagreements on accounting and financial statement disclosure matters.

### **PART III**

## **ITEM 10. Directors and Executive Officers of the Registrant**

### **(a) Directors**

JOSEPH COORS (Age 76) is presently Vice Chairman of Adolph Coors Company and has served in such capacity since 1975. He has served as a Director since 1942. He retired from day-to-day operations in December 1987. He serves as chairman of the Compensation Committee and is a member of the Executive Committee and the Audit Committee. He is also a Director of CBC and ACXT.

PETER H. COORS (Age 47) has served as a Director of Adolph Coors Company since 1973. Prior to 1993, he served as Executive Vice President of Adolph Coors Company and Chairman of the Brewing Group. In December 1993, he was named interim treasurer. Also in 1993, he became Vice President and Secretary of Adolph Coors Company and was elected CEO and Vice Chairman of CBC. He is also a member of the Board of Directors of CBC. He serves as a member of the Debt Pricing Committee and the Executive Committee. In his career at Coors, he has served in a number of different positions, including Divisional President of Sales, Marketing and Administration and Secretary (1982-1985), Senior Vice President, Sales and Marketing (1978-1982), Vice President (1976-1978), and Assistant Secretary and Assistant Treasurer (1974-1976).

WILLIAM K. COORS (Age 77) is Chairman of the Board and President of Adolph Coors Company and has served in such capacities since 1970 and 1989, respectively. He has served as a Director since 1940. He serves as Chairman of the Debt Pricing Committee and the Executive Committee. He is also a director and Chairman of the Board of CBC and ACXT.

J. BRUCE LLEWELLYN (Age 66) has served as a Director and member of the Audit Committee since 1989. In 1993, he was named chairman of the Audit Committee. As of 1993, he also serves on the Compensation Committee. He is a member of the Board of Directors of CBC. He is an attorney and involved in the management of several businesses in which he is an investor. He is presently the Chairman of the Board and Chief Executive Officer of Philadelphia Coca Cola Bottling, Inc., Queen City Broadcasting, Inc. and Garden State Cablevision, Inc. He is also a Director of Manufacturers Hanover Trust/Chemical Bank and QVC, Inc.

LUIS G. NOGALES (Age 50) is a Director and member of the Audit Committee and has served in such capacities since 1989. In 1993, he also became a member of the Compensation Committee. He is a member of the Board of Directors of CBC. He is Chairman and Chief Executive Officer of Embarcadero Media, Inc., a media (radio) acquisition company in Los Angeles. In the past he was president of Nogales Partners (1990 to present), a media acquisition firm, general partner of Nogales Castro Partners (1989-1990), President of Univision, the nation's largest Spanish language television network (1986-1988) and Chairman and Chief Executive Officer of United Press International (1983-1986). From 1981-1983 he served as Senior Vice President of Fleishman- Hillard, Inc. He is also a Director of Southern California Edison Company and SCEcorp.

It is the Company's intent to name one additional independent director in 1994.

### **(b) Executive Officers**

Of the above directors, Peter H. Coors and William K. Coors are executive officers of Adolph Coors Company and CBC. The following also were executive officers of the Company on March 18, 1994:

ALVIN C. BABB (Age 61) has served as Executive Vice President, Operations and Technology for CBC since 1983. Prior to becoming Executive Vice President of CBC, he served as Group Vice President of Brewery Operations (1982-1983), Senior Vice President of Brewery Operations (1981-1982) and Senior Vice President of Plant Operations (1978-1981). He has been with the company for more than 40 years. He is a member of the Master Brewing Association of America.

W. LEO KIELY, III (Age 47) became President and Chief Operating Officer of CBC as of March 1, 1993. Prior to joining Coors, he served as Division Vice President and then Central Division President of Frito-Lay, Inc., a subsidiary of PepsiCo, in Plano, Texas. From 1989-1991, he served as Senior Vice President of Field Operations, overseeing the operations of Frito-Lay's four regional business teams. From 1984-1989, he was the Vice President of Sales and Marketing for Frito-Lay.

ROBERT D. KLUGMAN (Age 46) was named Vice President of Corporate Development in July 1993. Prior to that, he was Vice President of Brand Marketing, a position he held from 1981-1987, and again from 1990-1993. From 1987-1990, he was Vice President of International Development and Marketing Services. Before joining Coors, Klugman was a Vice President of Client Services at Leo Burnett USA, a Chicago-based advertising agency.

M. CAROLINE TURNER (Age 44) was named Vice President and Assistant Secretary of ACC and Vice President, Chief Legal Officer and Assistant Secretary of CBC in 1993. In the past she served as Vice President, Legal (1991-December 1992) and Director, Legal (1986-February 1991) of ACC. Prior to joining the Company, she was a partner with the law firm of Holme Roberts & Owen (1983- 1986), an associate for Holme Roberts & Owen (1977-1982) and a clerk in the U.S. 10th Circuit Court of Appeals (1976-1977).

WILLIAM H. WEINTRAUB (Age 51) joined CBC as Vice President of Marketing in July 1993. Prior to joining Coors, he directed all marketing and advertising for Tropicana Products as Senior Vice President. From 1982-1991, Weintraub was with the Kellogg Company, with responsibility for marketing and sales. He also held a number of positions at Procter and Gamble from 1967-1982.

The Company is actively searching for a new Chief Financial Officer.

ACC and CBC employ a number of other officers who are not considered executive officers of the Registrant as defined under SEC regulations.

Terms for all officers and directors are for a period of one year, except that vacancies may be filled and additional officers elected at any regular or special meeting. Directors are elected at the Annual Shareholders' Meeting held on the Thursday of the second full week of May. There are no arrangements or understandings between any officer or director pursuant to which any officer or director was elected as such.

(d) Family Relationships

William K. Coors and Joseph Coors are brothers. Peter H. Coors is a son of Joseph Coors.

(e) Section 16 Disclosures

All filing and disclosure requirements were met in 1993.

## ITEM 11. Executive Compensation

### I. SUMMARY COMPENSATION TABLE

NAME & PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM COMPENSATION			
		SALARY (\$)	BONUS (\$) (a)	OTHER ANNUAL COMP(\$) (d)(e)	RESTRICTED STOCK (\$) (b)	SECURITIES UNDERLYING OPTIONS (#)(f)	LTI PAYOUTS (\$) (c)	ALL OTHER COMPENSATION (\$) (f)(g)
William K. Coors, Chairman of the Board	1993	256,000	1,938	0	0	0	0	65,539
	1992	256,000	0	27,288	0	0	0	58,153
	1991	256,000	0	0	0	0	0	
Peter H. Coors, Vice Chairman & CEO of Coors Brewing Company	1993	465,688	44,185	13,041	49,312	30,000	0	8,622
	1992	465,061	0	18,593	0	0	491,302	7,257
	1991	465,004	27,796	0	58,125	30,000	0	
W. Leo Kiely III, President & COO of Coors Brewing Company	1993	310,000	187,251	309,121	16,500	10,000	0	6,198
	1992							
	1991							
Alvin C. Babb, Executive VP, Operations & Technology	1993	278,800	27,333	11,538	4,931	3,000	0	15,239
	1992							
	1991							
William H. Weintraub, VP, Marketing	1993	120,271	106,397	33,084	0	0	0	5,733
	1992							
	1991							

/TABLE

- (a) Amounts awarded under the Annual Cash Incentive Award Programs.
- (b) In 1993, restricted stock was granted to three of the named officers. The number of grants and their values at December 26, 1993, are as follows: Peter H. Coors - 3,000 shares valued at \$47,250; W. Leo Kiely III - 1,000 shares valued at \$15,750; and Alvin C. Babb - 300 shares valued at \$4,725.  
  
Restricted stock awards granted in 1993 have a three-year vesting period based on year of grant and expire with termination of employment. Dividends are paid to the holders of the grants during the vesting period.  
  
No restricted stock grants were made in 1992. In 1992, all restricted stock grants existing as of December 27, 1992 became vested due to the spin-off. No restricted stock grants were outstanding as of December 27, 1992.
- (c) In 1992, cash was paid under CBC's 1990 Long-Term Incentive Plan for the three-year performance period ended December 27, 1992.
- (d) Under the 1983 Non-Qualified Stock Option Plan, the Company reimburses a portion of the taxes the executive will incur. In 1993, both W. Leo Kiely III and William H. Weintraub received perquisites in excess of the lesser of \$50,000 or 10% of salary plus bonus. Perquisites for both included moving expenses of \$299,639 for W. Leo Kiely III and \$28,320 for William H. Weintraub. In 1992, William K. Coors had perquisites including personal use of the Company's Lear jet - \$13,118 and auto allowance - \$8,694.
- (e) In accordance with the transitional provisions applicable to the revised rules on executive officer compensation disclosure adopted by the Securities and Exchange Commission, amounts of "Other Annual Compensation" and "All Other Compensation" are excluded for the Company's 1991 fiscal year.
- (f) No stock option grants were made in 1992.
- (g) The amounts shown in this column are attributable to the officer life insurance and 401(k) plans. The named executives receive officer life insurance provided by the Company until retirement. At the time of retirement, the officer's life insurance program terminates and for the majority of the officers, the salary continuation agreement becomes effective. The officer life insurance provides six times the executive base salary until retirement, at which time the Company becomes the beneficiary. The 1993 annual benefit for each executive: William K. Coors - \$65,539; Peter H. Coors - \$4,125; W. Leo Kiely III - \$0; Alvin C. Babb - \$7,409; William H. Weintraub - \$2,758. The Company's 50% match on the first 6% of salary contributed by the officer to the ACC's qualified 401(k) plan is \$4,497 each for Peter H. Coors and Alvin C. Babb. The match for William H. Weintraub was \$2,975.

## II. OPTION/SAR GRANTS TABLE

-----  
 OPTIONS Grants in Last Fiscal Year  
 -----

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#)	INDIVIDUAL GRANTS			POTENTIAL REALIZABLE AT ASSUMED RATES OF \$ APPRECIATION FOR OPTI	
		% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE (\$/SHARE)	EXPIRATION DATE	5%	
Peter H. Coors	30,000 (a)	36%	\$16.44	01/01/03	\$276,528	\$7
W. Leo Kiely III	10,000 (a)	12%	\$16.50	03/01/03	\$ 91,551	\$2
Alvin C. Babb	3,000 (a)	4%	\$16.44	01/01/03	\$ 27,653	\$

-----  
 /TABLE

- (a) One-third of the grant is vested in each of the three successive years after the date of grant. The grants have a term of ten years with the prices equal to market on the day of the grants. There are no other material terms.

No grants were made in 1992. In 1992, ACC approved the adjustment of all options outstanding as of December 27, 1992, for both the amount and exercise price pursuant to a formula which retained the same option spread for the employee after the spin-off as had existed immediately prior to the spin-off.

### III. OPTION/SAR EXERCISES AND YEAR-END VALUE TABLE

Aggregated Option/SAR Exercises in Last Fiscal Year, and FY-End Option/SAR Value

NAMES	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (a) (\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FY-END (#) (b)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FY-END	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Peter H. Coors	15,338	81,508	129,270	43,410	141,554	
W. Leo Kiely III	0	0	0	10,000	0	
Alvin C. Babb	10,057	72,111	24,673	3,939	23,226	

/TABLE

- (a) Values stated are the bargain element paid in 1993, which is the difference between the option price and the market price at the time of exercise.
  - (b) After the adjustment for the spin-off and as also discussed in Item 11, II.
- IV. LONG-TERM INCENTIVE PLAN AWARDS TABLE - There were no awards under any long-term incentive plans in 1993.
- V. PENSION PLAN TABLE

The following table sets forth annual retirement benefits for representative years of service and average annual earnings.

Average Annual Compensation	YEARS OF SERVICE			
	10	20	30	40
\$ 125,000	\$ 21,875	\$ 43,750	\$ 65,625	\$ 71,875
150,000	26,250	52,500	78,750	86,250
175,000	30,625	61,250	91,875	100,625
200,000	35,000	70,000	105,000	115,000*
225,000	39,375*	78,750*	118,125*	129,375*
250,000	43,750*	87,500*	131,250*	143,750*
275,000	48,125*	96,250*	144,375*	158,125*
300,000	52,500*	105,000*	157,500*	172,500*
325,000	56,875*	113,750*	170,625*	186,875*
350,000	61,250*	122,500*	183,750*	201,250*
375,000	65,625*	131,250*	196,875*	215,625*
400,000	70,000*	140,000*	210,000*	230,000*
425,000	74,375*	148,750*	223,125*	244,375*
450,000	78,750*	157,500*	236,250*	258,750*

/TABLE

\*Maximum permissible benefit under ERISA from the qualified retirement income plan for 1993 was \$115,641 and annual compensation in excess of \$235,840 is not considered for benefits under the qualified plan. The Company has a non-qualified supplemental retirement plan to provide full accrued benefits to all employees in excess of IRS maximums. The plan is unfunded.

Annual average compensation covered by the retirement plan and credited years of service for individuals named in Item 11(a) are as follows: William K. Coors - \$241,000 and 54 years; Peter H. Coors - \$450,229 and 22 years; and Alvin C. Babb - \$272,060 and 40 years. Because both W. Leo Kiely III and William H. Weintraub had not been employed for one full year as of December 26, 1993, neither had compensation covered by the retirement plan.

The Company's principal retirement income plan is a defined benefit plan. The amount of contribution for officers is not included in the above table since total plan contributions cannot be readily allocated to individual employees. The Company's most recent actuarial valuation was as of January 1, 1993, in which the ratio of plan contributions to total compensation covered by the plan was approximately 4.4%. Covered compensation is defined as the total base compensation (average of three highest consecutive years out of the last ten) of employees participating in the plan, including commissions but excluding bonuses and overtime pay. Compensation also includes amounts deferred by the individual under Internal Revenue Code Section 401(k) and any amounts deferred into a plan under Internal Revenue Code Section 125. Normal retirement under the plan is age 65. An employee with at least 10 years of vesting service may retire as early as age 55. Benefits are reduced for early retirement based on an employee's age and years of service at retirement. The amount of pension actually accrued under the pension formula is in the form of a straight line annuity.

In addition to the annual benefit from the qualified Retirement Plan, two of the named executives are covered by salary continuation agreements. These agreements provide for a lump sum cash payment to the officer upon normal retirement in an amount actuarially equivalent in value to 30% of the officer's last annual base salary, payable for the remainder of the officer's life, but not less than 10 years, plus a 50% survivor benefit for the surviving spouse. The interest rate used in calculating the lump sum is determined using 80% of the annual average yield of the 10-year Treasury constant maturities for the month preceding the month of retirement. Using 1993 eligible salary amounts as representative of the final pay, the estimated annual benefit upon normal retirement for these officers would be: Peter H. Coors - \$135,200; and Alvin C. Babb - \$83,600.

#### Compensation of Directors

The Company adopted the Equity Compensation Plan for Non-Employee Directors (the EC Plan) effective May 16, 1991, amended and restated on August 13, 1992. The EC Plan provides for two grants of Adolph Coors Company's Class B (non-voting) common stock to non-employee (NE) directors. The first grant is automatic and equals 20% of the annual retainer. The second grant is elective and allows the NE directors to take a portion, or all, of the remaining annual retainer in stock. Amounts of both grants are determined by the market value of the shares on the date of grant. Shares received under either grant may not be sold or disposed of before completion of the annual term. The Company reserved 50,000 shares of stock to be issued under the EC Plan. The retainer for the 1992-1993 term was \$25,000 plus \$1,500 per meeting. Beginning with the 1993-1994 annual term the Company increased the NE directors' annual retainer to \$32,000.

The NE members of the Board of Directors in 1993 were paid 50% of the \$25,000 annual retainer for the 1992-1993 term plus \$1,500 per meeting and 50% of the \$32,000 annual retainer for the 1993-1994 term and reimbursement of expenses incurred to perform their duties as directors. Directors who are full-time employees of the Company receive \$15,000 annually. All directors are reimbursed for any expenses incurred while attending Board of Directors or committee meetings and in connection with any other company business. In addition, Joseph Coors, as a director and retired executive officer, is provided an office, transportation and secretarial support from the Company.

#### Employment Contracts and Termination of Employment Arrangements

In response to Code Section 162 of the Revenue Reconciliation Act of 1993, the Company has appointed a special compensation committee to approve and monitor performance criteria in certain performance based executive compensation plans for 1994.

The company has no agreements with executives or employees providing employment for a set period. W. Leo Kiely III, President and COO, has an arrangement with the company that provides for a guaranteed bonus equal to 50% of base salary for the first and second year of his employment (1993 and 1994). In the event of termination without cause, prior to June 1, 1995, the company would pay his base monthly salary, plus the guaranteed bonus, for 30

months. Thereafter, Mr. Kiely would receive his then current salary for 18 months plus 1 1/2 times his last bonus amount. In either case, health benefits would continue through the payout period or when he commenced other employment if earlier.

William H. Weintraub, Vice President, Marketing, has an arrangement providing for a guaranteed bonus equal to 40% of base salary for 1993 and 1994. It provides that, if Mr. Weintraub were terminated without cause during the first two years of employment prior to July 1, 1995, he would receive 15 months of salary plus the 40% bonus for that period.

In 1993, Alvin C. Babb, Executive Vice President, Operations and Technology, and the company entered into an arrangement providing for certain payments to Mr. Babb if his employment terminates on or before December 31, 1996. The company would pay Mr. Babb an amount equal to two times his salary plus a lump-sum payment under his salary continuation agreement using a 5% discount factor and would pay any differential between medical benefits then provided and medical benefits provided under the company's 1993 medical program.

The standard severance program for officers is one year of base salary plus a prorated portion of any earned bonus for the year of severance.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN\*  
 COORS COMMON, S & P COMPOSITE-500 AND S & P BEVERAGES-ALCOHOLIC

Company/Index Name	Period	Indexed/Cumulative Returns					Base
		Return 1988	Return 1989	Return 1990	Return 1991	Return 1992**	
S & P Composite-500	100	131.69	127.60	166.47	179.15	197.21	
S & P Beverages-Alcoholic	100	136.34	142.56	195.68	186.31	176.64	
Coors	100	101.27	107.61	112.90	134.62	136.35	

\*Assumes that the value of the investment in Coors Common Stock and each index was \$100 on December 25, 1988, and that all dividends were reinvested.

\*\*Results are adjusted for the December 1992 spin-off of ACXT.

## **Compensation Committee Report on Executive Compensation**

The Compensation Committee of the Board of Directors has furnished the following report on executive compensation for Adolph Coors Company. This report presents Adolph Coors Company's compensation philosophy for fiscal year 1993.

### **Overview of Compensation Strategy for Executives**

Under the supervision of the three-member 1993 Compensation Committee of the Board of Directors, the Company continued to support the compensation policies, plans and programs developed in 1992, which sought to enhance the profitability of the Company by linking financial incentives of senior management with the Company's financial performance. The Compensation Committee of the Board recognized that 1993 was a year of transition with major changes occurring in management and in the company. New compensation policies, plans and programs will be developed in 1994.

In furtherance of the profitability goal, annual base salaries were set at median levels found in the external market so that the Company relied to a large degree on annual incentive compensation to reward corporate officers for superior corporate and business unit performance. Annual incentive compensation strategies were variable and closely tied to corporate performance in a manner designed to encourage a continuing focus on improved profitability.

The Compensation Committee also endorsed the position that stock ownership by management was beneficial in aligning management interest with shareholders to enhance shareholder value. Consequently, the compensation strategy provided incentives for management to increase equity participation in the Company.

The Compensation Committee's compensation strategy for the CEO and other executive officers consisted of:

- \* targeting base salary to the 50th percentile of relevant, broadly- defined external markets;
- \* providing an annual cash incentive award targeted to the 75th percentile of the same external markets;
- \* the equity portion of the long-term incentive award provided ownership opportunities through the Non-Qualified Equity Incentive Plan.

### **Relationship of Performance to Specific Elements of the Compensation Strategy**

Following are brief descriptions which outline details and performance measures of each component of the 1993 executive compensation strategy.

#### **Base salary**

The Company used compensation survey data to determine salaries competitive at the 50th percentile for like positions in similar sized manufacturing companies. Company size was determined by total net sales since a correlation exists between salary amounts and total sales.

Salary ranges were established for executives by using the 50th percentile market data as the mid-point and surrounding it with a 50% spread between minimum and maximum. Where the executive was paid within that range was determined by individual performance and the company's ability to pay. The salary range could be viewed as a continuum based on experience and performance:

- \* Newly-hired or -promoted executives who have little performance history in the position were normally paid below the mid-point.
- \* Consistent with Coors' compensation strategy, the market 50th percentile was the targeted salary for executives who are fully experienced and fully contributing in the position.
- \* Base salary above the 50th percentile was used to recognize contributions beyond those normally associated with the position.

#### **Annual Cash Incentive Award**

In 1993, executive officers of Adolph Coors Company who are also executive officers of Coors Brewing Company (CBC), and executive officers of CBC had an opportunity to earn an annual bonus through the Coors Brewing Company employee-wide, profit sharing plan. Annual pre-tax profit targets as approved by the Compensation Committee were met, payouts to all employees were based on an equal percentage of their 1993 eligible earnings.

In 1993, the executive officers of CBC also had an opportunity to earn an annual bonus through the Management Incentive Program. The annual pre-tax profit and payout percentage was stated with an acceptable performance range starting from threshold to a maximum as approved by the Compensation Committee. The approved annual pre-tax profit targets were met, and payouts to all eligible employees were based on a percentage of their 1993 base salary.

In 1993, the Chief Operating Officer and Vice President of Marketing, as part of their employment contracts, earned a cash incentive award based on a percentage of their 1993 base salary.

In 1993, the Company undertook several strategic initiatives -- including a voluntary separation package -- to better position the Company for profitable growth. This resulted in some significant asset write-downs and other restructuring expenses. The Company recognized the impact of these charges on earnings and approved the payout at the minimum profit level for the profit sharing plan.

### **Long-term Incentive Awards**

In addition to receiving base salary and being eligible for annual cash incentive awards, executive officers of CBC were also provided an opportunity to earn a total long-term award targeted to the 75th percentile level of comparably sized companies paying long-term awards. This opportunity was provided by means of the Non-Qualified Equity Incentive Plan (NQEI) through grants of ACC restricted stock and non-qualified stock options.

The NQEI plan was administered by the Compensation Committee. That committee was composed entirely of non-employee, independent directors. The NQEI plan provided for two types of grants for key management employees: restricted stock awards and stock options. Both types of grants were subject to certain holding periods and other restrictions to encourage long-term ownership. The NQEI plan provided that options be granted at exercise prices equal to the market value on the date the option was granted.

### **CEO Compensation for 1993**

The CEO's 1993 compensation did not reflect any of the incentive elements of the Company's compensation strategy. While fully supportive of the executive compensation strategy and fully committed to the Company goal of improved profitability, CEO William K. Coors has elected not to participate in the incentive program. It is Mr. Coors' belief that his compensation, although quite low relative to market and industry standards, is adequate to support his needs and that, given his strong commitment to corporate goals and objectives, financial incentives would not enhance his motivation to achieve superior performance. Consequently, the base annual salary of the CEO has been set at the current level for 11 years.

Joseph Coors, Chairman  
J. Bruce Llewellyn  
Luis G. Nogales

### **Compensation Committee Interlocks and Insider Participation**

Joseph Coors, J. Bruce Llewellyn and Luis G. Nogales served on the Compensation Committee during the past fiscal year. Joseph Coors, Chairman of the Compensation Committee, retired as the President and Chief Operating Officer of the Company in December 1987.

Joseph Coors owns a Coors beer distributorship in Cincinnati, Ohio. During 1993, this distributor purchased 71,035 barrels of beer from CBC at the same pricing available to independent distributors.

Joseph Coors is a director of both ACC and ACXT. He, along with William K. Coors, a Director of both ACC and ACXT, and Peter H. Coors, Director and an executive officer of ACC, and Jeffrey H. Coors and Joseph Coors, Jr., both directors and executive officers of ACXT, are trustees of several family trusts that collectively own a majority of the common stock of ACC and ACXT, or their subsidiaries, have certain business relationships and have engaged in certain transactions with one another, as described below. Such relationships and transactions are not, individually or in the aggregate, material to the Company.

In connection with the spin-off of ACXT in December 1992, CBC entered into market-based, long-term supply contracts with certain ACXT subsidiaries to provide packaging, aluminum and starch products to CBC. In addition, CBC sells brewery by-products to an ACXT subsidiary and sells aluminum scrap from CBC's can making operations to another ACXT subsidiary. The sales under these supply contracts are a material source of revenue for ACXT and provide CBC a stable source for a significant portion of its raw materials and packaging materials.

Also in connection with the spin-off, ACC and ACXT and their subsidiaries negotiated several other agreements, including employee matters, environmental management, tax sharing, trademark licensing and numerous one- year transitional agreements for various services and materials. A few service agreements between ACC and ACXT subsidiaries that extend beyond the now expired transitional period include agreements under which Coors Energy supplies natural gas to certain Colorado facilities of ACXT and an agreement by CBC to provide water and waste water treatment services for an ACXT ceramics facility. A joint defense agreement that commenced at the time of the spin-off is in effect with respect to the TransRim litigation described in Item 3, Legal Proceedings. A description of the foregoing agreements was included in the Company's report on Form 8-K dated December 27, 1992, in Exhibit B, "Information Statement dated December 9, 1992, mailed by the Company to its shareholders."

CBC is a limited partner in a limited partnership formed in connection with the spin-off, with an ACXT subsidiary as general partner. The partnership owns, develops, operates and sells certain real estate previously owned directly by CBC or ACC. Each partner is obligated to make additional cash contributions of up to \$500,000 upon call of the general partner. Distributions of \$500,000 were made to both partners in 1993. Distributions are allocated equally between the partners until CBC recovers its investment, and thereafter 80% to the general partner and 20%

to CBC.

In 1993, CBC sold certain laboratory facilities and technology to an ACXT subsidiary for approximately \$350,000, the estimated fair value of the assets. In addition, certain subsidiaries of ACC and ACXT are parties to miscellaneous market-based transactions. For instance, CBC buys ceramic can tooling from an ACXT subsidiary to test on CBC can lines, CBC serves as aggregator for long distance telephone services for itself and certain ACXT companies, CBC leases office space to the limited partnership mentioned above and the partnership separately provides real estate management and administrative services to CBC.

## **ITEM 12. Security Ownership of Certain Beneficial Owners and Management**

### **(a) Security Ownership of Certain Beneficial Owners**

The following table sets forth stock ownership of persons holding in excess of five percent of any class of voting securities, as of March 18, 1994:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Class A Common Stock (voting)	Adolph Coors, Jr. Trust, Golden Colorado, William K. Coors, Joseph Coors, Joseph Coors, Jr., Jeffrey H. Coors and Peter H. Coors, Trustees	1,260,000 shares for benefit of William K. Coors, Joseph Coors and May Coors Tooker and their lineal descendants living at distribution	100%

/TABLE

In addition, certain officers and directors hold interests in other family trusts, as indicated in Item 12, Section (b) (1) following.

(b) Security Ownership of Management

The following table sets forth stock ownership of the Company's directors, and all executive officers and directors as a group, as of March 18, 1994:

Title of Class	Name of Beneficial Owner	Shares Beneficially Owned	Options/ Restricted Stocks Awards (2)	Total	Percent of Class
Class B Common Stock (non- voting)	Joseph Coors	547 (1)	602	1,149 (1)	(1)
	Peter H. Coors	36,451 (1)	142,270	178,721 (1)	(1)
	William K. Coors	(1)		(1)	(1)
	J. Bruce Llewellyn	1,983	1,083	3,066	
	Luis G. Nogales	464	352	816	
	W. Leo Kiely III	10,000	4,333	14,333	
	Alvin C. Babb	100	25,973	26,073	
	William H. Weintraub				
	All Executive Officers and Directors as a Group (10 persons)	19,306,317	213,160	19,519,477	53%

/TABLE

(1) William K. Coors and Peter H. Coors are two of the directors of the Adolph Coors Foundation, which owns 732,413 shares of Class B Common Stock. William K. Coors, Joseph Coors and Peter H. Coors are trustees, in addition to other trustees, and beneficiaries or contingent beneficiaries in certain cases, of various trusts that own an aggregate of 16,760,738 shares. These individuals, and others, are trustees of five trusts owning 1,762,921 shares. In certain of these trusts, they act solely as trustees and have no vested or contingent benefits. The total of these trust shares, together with other management shares shown above, represents 53% of the total number of shares of such class outstanding.

(2) This represents exercisable options to purchase shares under the Company's 1983 Non-Qualified Stock Option Plan and 1990 Non-Qualified Equity Incentive Plan that could be exercised as of March 18, 1994. In addition, it reflects restricted stock awards granted under the 1990 Plan. Vesting in the restricted stock is over a three year period from date of grant. All restricted stock awards became fully vested at the time of the ACXT spin-off. In the event of a change in control of the Company, all vesting restrictions on the restricted stock awards would be lifted.

(c) Changes in Control

There are no arrangements which would at some subsequent date result in a change of control of the Company.

#### ITEM 13. Certain Relationships and Related Transactions

(a) & (b) For a description of certain business relationships and related transactions see the discussion under the caption "Compensation Committee Interlock and Insider Participation" contained in Item 11 of this report.

(c) Indebtedness of Management

Loans are made available to employees in connection with the exercise of stock options. Amounts receivable from officers and directors for such loans in excess of \$60,000 are shown on Schedule II.

There was no other indebtedness in excess of \$60,000 between the Company and members of management or others that have a direct or indirect interest in the Company.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) The following documents are filed as part of this report:

(1) Financial Statements: See index of financial statements in Item 8.

(2) Financial Statement Schedules:

Report of Independent Accountants on Financial Statement Schedules for the years ended December 26, 1993, December 27, 1992 and December 29, 1991.

Schedule II - Amounts Receivable from Related Parties and Underwriters, Promoters and Employees other than Related Parties

Schedule V - Property, Plant and Equipment

Schedule VI - Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment

Schedule VIII - Valuation and Qualifying Accounts

Schedule IX - Short-term Borrowings

Schedule X - Supplementary Income Statement Information

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Report of Independent Accountants  
on Financial Statement Schedules

To the Board of Directors  
of Adolph Coors Company

Our audits of the consolidated financial statements referred to in our report dated March 4, 1994, appearing on page \_\_\_\_\_ of this Form 10-K, also included an audit of the Financial Statement Schedules listed in Item 14(a)(2) of this Form 10-K. In our opinion, these Financial Statement Schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PRICE WATERHOUSE

Denver, Colorado  
March 4, 1994

SCHEDULE II

ADOLPH COORS COMPANY AND SUBSIDIARIES  
 AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS,  
 PROMOTERS AND EMPLOYEES OTHER THAN RELATED PARTIES

Name of Debtor	Balance at beginning of Year	Additions (a)	Deductions (c)	Balance at end of Year(d)
	(In thousands)			
YEAR ENDED DECEMBER 29, 1991				
Jeffrey H. Coors	\$ --	\$ 87	\$ --	\$ 87
Joseph Coors, Jr.	238	--	--	238
Peter H. Coors	--	90	--	90
Norman E. Kuhl	174	--	--	174
Albert D. Peer	225	--	--	225
Alva C. Pipkin	138	--	(138)	--
Robert C. Walker	114	94	(208)	--
Sandra K. Woods	157	--	(157)	--
All employees as a group (16 persons) (b)	\$1,062	\$1,046	\$(1,146)	\$962
YEAR ENDED DECEMBER 27, 1992				
Jeffrey H. Coors	\$ 87	\$ 60	\$ (147)(e)	\$ --
Joseph Coors, Jr.	238	--	(238)(e)	--
Peter H. Coors	90	30	--	120
Norman E. Kuhl	174	--	(174)	--
Albert D. Peer	225	--	(225)(e)	--
All employees as a group (27 persons) (b)	\$ 962	\$2,613	\$(3,443)	\$132
YEAR ENDED DECEMBER 26, 1993				
Peter H. Coors	\$ 120	\$ 172	\$ (292)	\$ --
All employees as a group (3 persons) (b)	\$ 132	\$ 284	\$ (416)	\$ --

/TABLE

- (a) Demand promissory notes issued in conjunction with the exercise of stock options and collateralized by the related Class B Common Stock. Interest is calculated using the lowest interest rates permitted under IRS rules on date the loan originates. The interest rate has fluctuated between 3.56% and 6.44%. Interest is payable quarterly or upon repayment of the loan.
- (b) Includes notes issued to employees in excess of \$100,000. The average number of days outstanding on these loans was approximately 170 days, 87 days and 131 days in 1993, 1992, and 1991, respectively.
- (c) All amounts not transferred have been collected.
- (d) All amounts are current.
- (e) These receivables were transferred to ACX Technologies as a result of the spin-off.

SCHEDULE V

ADOLPH COORS COMPANY AND SUBSIDIARIES  
PROPERTY, PLANT AND EQUIPMENT

	Balance at beginning of year	Additions at cost	Retirements	Other changes- increases (decreases)	Balance at end of year
	-----	-----	-----	-----	-----
			(In thousands)		
YEAR ENDED DECEMBER 29, 1991 (b)					
-----					
Land and improvements;					
Land	\$ 37,519	\$ (179)	\$ (1,745)	\$ 4	\$ 35,609
Improvements	50,973	3,195	(821)	(95)	53,252
	88,492	3,016	(2,566)	(91)	88,851
Buildings	370,070	26,136	(34)	313	396,485
Machinery and equipment	1,072,894	199,530	(31,870)	917	1,241,471
Natural resource properties	131,534	3,931	(88,752) (c)	(4)	46,709
Construction in progress	89,856	8,899	(4,189)	--	94,566
	-----	-----	-----	-----	-----
	\$1,752,846	\$ 241,512	\$(127,411)	\$ 1,135 (a)	\$1,868,082
	=====	=====	=====	=====	=====
YEAR ENDED DECEMBER 27, 1992					
-----					
Land and improvements;					
Land	\$ 35,599	\$ 603	\$ (97)	\$ 1,382	\$ 37,487
Improvements	53,252	1,955	(128)	45	55,124
	88,851	2,558	(225)	1,427	92,611
Buildings	396,485	16,904	(1,940)	(2,268)	409,181
Machinery and equipment	1,241,471	127,930	(33,489)	2,384	1,338,296
Natural resource properties	46,709	1,463	(22,977) (c)	--	25,195
Construction in progress	94,566	(33,405)	(2,586)	216	58,791
	-----	-----	-----	-----	-----
	\$1,868,082	\$ 115,450	\$(61,217)	\$ 1,759	\$1,924,074
	=====	=====	=====	=====	=====
YEAR ENDED DECEMBER 26, 1993					
-----					
Land and improvements;					
Land	\$ 37,487	\$ 223	\$ 54 (d)	\$ --	\$ 37,764
Improvements	55,124	1,425	(877) (d)	--	55,722
	92,611	1,648	(823)	--	93,436
Buildings	409,181	18,163	(233) (d)	--	427,111
Machinery and equipment	1,338,296	80,505	(23,761) (d)	(884)	1,394,260
Natural resource properties	25,195	179	(2,988) (d)	--	22,386
Construction in progress	58,791	21,778	(15,263) (d)	(1)	65,305
	-----	-----	-----	-----	-----
	\$1,924,074	\$ 122,273	\$(43,068)	\$ (885)	\$2,002,404
	=====	=====	=====	=====	=====

/TABLE

Depreciation is computed principally on the straight-line method at rates considered sufficient to amortize costs over estimated service lives. The general ranges of annual depreciation rates used are as follows: land improvements 5-20%; buildings 2 1/4-20%; and machinery and equipment 6 2/3-33 1/3%. Natural resource properties are primarily depleted on the units of production method.

- -----

- (a) Primarily from settlement of an Internal Revenue Service audit.
- (b) Restated for discontinued operations.
- (c) Represents the sale of oil and gas properties of Coors Energy Company.
- (d) Includes write-off of various properties and construction projects associated with Company restructuring.

SCHEDULE VI

ADOLPH COORS COMPANY AND SUBSIDIARIES  
ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

	Balance at beginning of year	Charged to costs and expense	Retirements	Other changes- increases (decreases)	Balance at end of year
	-----	-----	-----	-----	-----
			(In thousands)		
YEAR ENDED DECEMBER 29, 1991 (b)					
Land improvements	\$ 25,458	\$ 2,180	\$ (65)	\$ (22)	\$ 27,551
Buildings	170,878	16,188	(138)	125	187,053
Machinery and equipment	640,340	83,145	(21,567)	1,038	702,956
Natural resource properties	71,755	6,516	(61,326)	(115)	16,830
	\$ 908,431	\$ 108,029	\$ (83,096)	\$ 1,026 (a)	\$ 934,390
	=====	=====	=====	=====	=====
YEAR ENDED DECEMBER 27, 1992					
Land improvements	\$ 27,551	\$ 2,139	\$ (91)	\$ (59)	\$ 29,540
Buildings	187,053	16,672	(1,300)	(765)	201,660
Machinery and equipment	702,956	94,671	(28,510)	1,506	770,623
Natural resource properties	16,830	916	(399)	(11)	17,336
	\$ 934,390	\$ 114,398	\$ (30,300)	\$ 671 (a)	\$1,019,159
	=====	=====	=====	=====	=====
YEAR ENDED DECEMBER 26, 1993					
Land improvements	\$ 29,540	\$ 2,101	\$ (11)	\$ 30	\$ 31,660
Buildings	201,660	16,816	(492)	213	218,197
Machinery and equipment	770,623	99,206	(18,655)	888	852,062
Natural resource properties	17,336	377	(1,255)	(85)	16,373
	\$1,019,159	\$ 118,500	\$ (20,413)	\$ 1,046	\$1,118,292
	=====	=====	=====	=====	=====

- (a) Primarily from settlement of an Internal Revenue Service audit.
- (b) Restated for discontinued operations.

SCHEDULE VIII

ADOLPH COORS COMPANY AND SUBSIDIARIES  
VALUATION AND QUALIFYING ACCOUNTS

	Balance at beginning of year -----	Additions charged to costs and expenses -----	Other additions ----- (In thousands)	Deductions -----	Balance at end of year -----
Allowance for doubtful receivables (deducted from accounts receivable) -----					
Year Ended					
December 29, 1991 (c)	\$ 41	\$ 6	\$ -- (a)	\$ (1) (b)	\$
December 27, 1992	46	23	-- (a)	(57) (b)	
December 26, 1993	12	493	-- (a)	(96) (b)	

-----  
/TABLE

- (a) Collections of accounts previously written off and additions through acquisition of businesses.
- (b) Write-off of uncollectible accounts.
- (c) Restated for discontinued operations.

SCHEDULE IX

ADOLPH COORS COMPANY AND SUBSIDIARIES  
SHORT-TERM BORROWINGS

Year Ended	Balance at end of year -----	Weighted average interest rate -----	Maximum amount outstanding during the year ----- (In thousands)	Average amount outstanding during the year (a) -----	Weig aver inte duri the ----
December 29, 1991 (c) payable to banks	\$ 46,300	5.1%	\$132,800	\$ 44,353	6.
December 27, 1992 (d) payable to banks	(b)	(b)	\$123,382	\$ 62,205	4.
December 26, 1993 (e) payable to banks	(b)	(b)	\$ 8,500	\$ 6,750	3.

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/TABLE

- (a) The average amount outstanding and weighted average interest rate during the year are based on average daily balances outstanding.
- (b) The Company had no outstanding short-term borrowings at December 26, 1993 and December 27, 1992.
- (c) At December 29, 1991, the Company had committed lines of credit of \$150 million, \$110 million was unused. Also at December 29, 1991, the Company had uncommitted lines of credit available of which \$6.3 million was outstanding.
- (d) At December 27, 1992, the Company had committed lines of credit of \$100 million. Of this \$100 million, there was no outstanding balance. Also at December 27, 1992, the Company had uncommitted lines of credit available with no outstanding balance.
- (e) At December 26, 1993, the Company had committed lines of credit of \$100 million. Of this \$100 million, there was no outstanding balance. Also at December 26, 1993, the Company had uncommitted lines of credit available with no outstanding balance.

SCHEDULE X

ADOLPH COORS COMPANY AND SUBSIDIARIES  
 SUPPLEMENTARY INCOME STATEMENT INFORMATION

For the years ended

	December 26, 1993	December 27, 1992	December 29, 1991 (a)
	-----	-----	-----
	(In thousands)		
Maintenance and repairs	\$ 69,676	\$ 72,710	\$ 64,732
	=====	=====	=====
Taxes, other than payroll, income and beer excise taxes:			
Property	\$ 17,504	\$ 17,414	\$ 15,191
Other	6,734	9,433	10,465
	-----	-----	-----
	\$ 24,238	\$ 26,847	\$ 25,656
	=====	=====	=====
Advertising	\$ 272,539	\$ 251,002	\$ 267,241
	=====	=====	=====

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 /TABLE

The above amounts have been deducted in the Consolidated Statement of Income except for certain portions which have been allocated to inventory and property accounts. Amortization of intangible assets and royalties have been omitted because they are individually less than one percent of net sales.

(a) Restated for discontinued operations.

(3) Exhibits:

- Exhibit 3.1 - Amended Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to Form 10-K for the fiscal year ended December 30, 1990)
- Exhibit 3.2 - Amended By-laws. (Incorporated by reference to Exhibit 3.2 to Form 10-Q for the fiscal quarter ended June 13, 1993)
- Exhibit 4.1 - Form of Indenture for Adolph Coors Company Senior Debt Securities. (Incorporated by reference to Exhibit 4 to Registration Statement on Form S-3 filed March 14, 1990 and amended on March 26, 1990, file No. 33-33831). Upon request, the Company agrees to provide a copy of any debt instrument as applicable index Regulation S-K, Item 601, (b) (4) (iii)
- Exhibit 10.1 - Officers' Life Insurance Program. (Incorporated by reference to Exhibit 10 to Form 10-K for the fiscal year ended December 28, 1980)
- Exhibit 10.2\* - Officers and Directors Salary Continuation Agreement. (Incorporated by reference to Exhibit 10 to Form 10-K for the fiscal year ended December 26, 1982)
- Exhibit 10.3\* - Adolph Coors Company 1983 Non-Qualified Stock Option Plan, as amended effective February 13, 1992. (Incorporated by reference to Exhibit 10.3 to Form 10-K for the fiscal year ended December 29, 1991)
- Exhibit 10.4\* - Model of Adolph Coors Company Short-Term Incentive Plan. (Incorporated by reference to Exhibit 10.5 to Form 10-K for the fiscal year ended December 31, 1989)
- Exhibit 10.5\* - Model of Adolph Coors Company Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.6 to Form 10-K for the fiscal year ended December 31, 1989)
- Exhibit 10.6\* - Adolph Coors Company Equity Incentive Plan
- Exhibit 10.7\* - Coors Brewing Company Employee Profit Sharing Program. (Incorporated by reference to Exhibit 10.8 to Form 10-K for the fiscal year ended December 31, 1989)
- Exhibit 10.8 - Adolph Coors Company Non-Employee Director Compensation Deferral Plan. (Incorporated by reference to Exhibit 10.9 to Form 10-K for the fiscal year ended December 31, 1989)
- Exhibit 10.9 - Agreement between Adolph Coors Company and a former Executive Officer and current Director. (Incorporated by reference to Exhibit 10.10 to Form 10-K for the fiscal year ended December 31, 1989)
- Exhibit 10.11 - Adolph Coors Company Water Augmentation Plan. (Incorporated by reference to Exhibit 10.12 to Form 10-K for the fiscal year ended December 31, 1989)
- Exhibit 10.10 - Form of Coors Brewing Company Distributorship Agreement. (Introduced 1989). (Incorporated by reference to Exhibit 10.11 to Form 10-K for the fiscal year ended December 31, 1989)
- Exhibit 10.14 - Adolph Coors Company Equity Compensation Plan for Non-Employee Directors (Incorporated by reference to Exhibit 4.1 to registration Statement on Form S-8 filed on May 21, 1991, file No. 33-40730)
- Exhibit 10.15 - Adolph Coors Company Excess Benefit Plan
- Exhibit 10.16 - Distribution Agreement dated as of October 5, 1992, between the Company and ACX Technologies, Inc. Pursuant to Rule 12b-32 under the Securities Exchange Act of 1934, this exhibit is incorporated herein by reference to the Distribution Agreement included as Exhibit 2.1 to the Registration Statement on Form 10 filed by ACX Technologies, Inc. (file No. 0-20704) with the Commission on October 6, 1992, as amended
- Exhibit 10.17 - Employment Contracts and Termination of Employment Arrangements for W. Leo Kiely III, Alvin C. Babb and William H. Weintraub.
- Exhibit 12 - Statement of computation of ratio of earnings to fixed charges.
- Exhibit 21 - Subsidiaries.
- Exhibit 23 - Consent of Independent Accountants.

\* Represents a management contract.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the fourth quarter ended December 26, 1993.

(c) Other Exhibits

No exhibits in addition to those previously filed and listed in Item 14 (a) (2) are filed herein.

(d) Other Financial Statement Schedules

No additional financial statement schedules are required.

**Other Matters**

For the purpose of complying with the amendments to the rules governing Form S-8 (effective July 13, 1990) under the Securities Act of 1933, the undersigned registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into registrant's Registration Statements on Form S-8 No. 33-2761 (filed January 17, 1986), 33-35035 (filed May 24, 1990), 33-40730 (filed May 21, 1991), and Form S-3 No. 33-33831 (filed March 14, 1990):

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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/ William K. Coors

William K. Coors  
Chairman and President  
(Chief Executive Officer)

By /s/ Robert J. Diaz

Robert J. Diaz  
Vice President  
Coors Brewing Company  
(Principal Financial Officer)  
(Principal Accounting Officer)

March 24, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following directors on behalf of the Registrant and in the capacities and on the date indicated.

By /s/ Joseph Coors

Joseph Coors  
Vice Chairman

By /s/ J. Bruce Llewellyn

J. Bruce Llewellyn

By /s/ Peter H. Coors

Peter H. Coors  
Chief Executive Officer  
Coors Brewing Company

By /s/ Luis G. Nogales

Luis G. Nogales

March 24, 1994

**EXHIBIT 10.6**

**ADOLPH COORS COMPANY**

**EQUITY INCENTIVE PLAN**

Amended and restated,  
effective January 1, 1994

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**ADOLPH COORS COMPANY  
EQUITY INCENTIVE PLAN**

Amended and restated,  
effective January 1, 1994

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), established the Adolph Coors Company Equity Incentive Plan (the "Plan") for certain key employees of the Company. The Plan, which permits the grant of stock options and restricted stock awards to certain key employees of the Company, was originally effective January 1, 1990. Pursuant to the power granted in Section 16 (Section 14 prior to the Plan's amendment and restatement), the Company hereby amends and restates the Plan in its entirety, effective January 1, 1994.

1.2 Purposes. The purposes of the Plan are to provide the key management 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 the key management employees is more closely aligned with the income of the Company's shareholders. The Plan is also designed to attract key 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, each amendment to the Plan, 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 have 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 treated as a common employer under the provisions of Sections 414(b) and (c) of the Internal Revenue Code.

(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. The Committee shall be so constituted at all times as to permit the Plan to comply with Rule 16b-3 or any successor rule promulgated under the Securities Exchange Act of 1934 (the "1934 Act"). 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 key management employees (including, without limitation, officers and directors who are also employees) of the Company or any division thereof, upon whose judgment, initiative and efforts the Company is, or will become, largely dependent for the successful conduct of their business.

(g) "Fair Market Value" means the average of the highest and lowest prices of the Stock as reported on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") 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. If the price of the Stock is not reported on NASDAQ, the Fair Market Value of the Stock on the particular date shall be as determined by the Committee using a reference comparable to the NASDAQ system. 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 \$1.00 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

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.

### Section 4 Stock Subject to the Plan

4.1 Number of Shares. Two Million (2,000,000) 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 of Stock that for any other 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, Stock 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; and (ii) the shares of the Stock then included in each outstanding Award granted hereunder.

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 <f=37>pro rata<f=35> 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 action 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 Reorganization or Liquidation

If the Company is merged or consolidated with another corporation and the Company is not the surviving corporation, or if all or substantially all of the assets or more than 50% of the outstanding voting stock of the Company is acquired by any other corporation, business entity or person, or in case of a reorganization (other than a reorganization under the United States Bankruptcy Code), including a divisive reorganization under Section 355 of the Code, or liquidation of the Company, and if the provisions of Section 12 do not apply, the Committee, or the board of directors of any corporation assuming the obligations of the Company, shall, as to the Plan and outstanding Options and other Awards, either (i) make appropriate provision for the adoption and continuation of the Plan by the acquiring or successor corporation and for the protection of any such outstanding Options and other Awards by the substitution on an equitable basis of appropriate stock of the Company or of the merged, consolidated or otherwise reorganized corporation that will be issuable with respect to the Stock, provided that no additional benefits shall be conferred upon the Participants holding such Options and other Awards as a result of such substitution, and 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 more 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 (ii) upon written notice to the Participants, provide that all unexercised Options must be exercised within a specified number of days of the date of such notice or they will be terminated. In the latter event, the Committee shall accelerate the exercise dates of outstanding Options and accelerate the restriction period and modify the performance requirements for any outstanding Awards so that all Options and other Awards become fully vested prior to any such event.

## 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 into 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.

## 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. A stock option certificate 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 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.

(c) Duration of Options; Restrictions on Exercise. Each stock option 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. Each stock option agreement shall provide as follows with respect to the exercise of the Option upon termination of the employment or the death of the Option Holder:

(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), "cause" shall mean a gross violation, as determined by the Company, of the Company's established policies and procedures, provided that the effect of this subsection 7.2(d) shall be limited to determining the consequences of a termination and that nothing in this subsection 7.2(d) shall restrict or otherwise interfere with the Company's discretion with respect to the termination of any employee.

(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 three-month 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 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. Each stock option agreement shall provide that the Option granted therein is not transferable by the Option Holder except by will or pursuant to the laws of descent and distribution, and that such Option is 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.

(f) Agreement to Continue in Employment. Each stock option agreement shall contain the Option Holder's agreement to remain in the employment of the Company, at the pleasure of the Company, for a continuous period of at least one year after the date of such stock option agreement, at the salary rate in effect on the date of such agreement or at such changed rate as may be fixed, from time to time, by the Company.

(g) Exercise, Payments, Etc.

(i) Each stock option 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.

(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 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 section 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, except 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 Sections 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) 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 a 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(d).

(b) 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.

(c) 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.

(d) 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. Each certificate representing shares of Stock acquired pursuant to this Plan shall 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 in Control

12.1 In General. In the event of a change in control of the Company as defined in Section 12.3, then (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.

12.2 Limitation on Payments. If the provisions of this 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 Sections 280G and 4999 of the Internal Revenue Code, then the amount of such payment shall be reduced to the extent required, in the opinion of independent tax counsel, to prevent the imposition of such excise tax; provided, however, that the Committee, in its sole discretion, may authorize the payment of all or any portion of the amount of such reduction to the Participant.

12.3 Definition. For purposes of the Plan, a "change in control" shall mean any of the following:

- (i) The acquisition of or the ownership of fifty percent or more of the total Voting Stock of the Company then issued and outstanding, by any person, or group of affiliated persons, or entities not affiliated with the Company as of the Effective Date of this Plan, without the consent of the Board of Directors, or
- (ii) The election of individuals constituting a majority of the Board of Directors who were not either (A) members of the Board of Directors prior to the election or (B) recommended to the shareholders by management of the Company, or
- (iii) A legally binding and final vote of the shareholders of the Company in favor of selling all or substantially all of the assets of the Company.

## Section 13 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. 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 or 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.

#### Section 14 General Restrictions

14.1 Investment Representations. The Company may require any person to whom an Option, Restricted Stock Award, 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 written 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 at 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 of 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 officer or director of the Company within the meaning of Section 16, 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: February 25, 1994

**ADOLPH COORS COMPANY**

**ATTEST:**

/s/ Patricia J. Smith By: /s/ M. Caroline Turner

# PROSPECTUS

**2,000,000 Shares**

Adolph Coors Company

Class B Common Stock (Non-voting) No Par

**Offered Pursuant To The  
ADOLPH COORS COMPANY EQUITY INCENTIVE PLAN**

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The 2,000,000 shares of Class B Common Stock (Non-voting), no par (the "Class B Common Stock"), of Adolph Coors Company (the "Company") covered by this prospectus will be issued under the Adolph Coors Company Equity Incentive Plan (the "Plan") to eligible employees of the Company who become participants (the "Participants") in the Plan.

Subject to the Company's right of first refusal to purchase shares of Class B Common Stock issued to Participants under the Plan, shares of Class B Common Stock issued to Participants may be resold by them in ordinary market transactions when all holding periods and other requirements imposed by the Plan or by law have been satisfied. However, certain Participants may be deemed affiliates of the Company; and there are certain restrictions on the reoffer and resale of shares of Class B Common Stock acquired by affiliates of the Company. This prospectus is not available for use by affiliates of the Company in connection with any such reoffers or resales.

The date of this prospectus is February 1, 1994.

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No person has been authorized to give any information or to make any representations other than those contained in this prospectus and any exhibit to the registration statement in connection with the offering contained herein; and if given or made, such information or representations must not be relied upon as having been authorized by the Company. This prospectus does not constitute an offering in any state in which such offering may not lawfully be made. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date hereof.

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission") which can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's Regional Offices at Room 1400, 7 World Trade Center, 13th Floor, New York, New York 10048; and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60404. Copies of such material can be obtained from the Public Reference Section of the Commission, Washington, D.C. 20549, at prescribed rates.

The Company furnishes annual reports to its shareholders containing consolidated financial statements which have been examined and reported upon, with an opinion expressed, by its independent accountants. The Company furnishes unaudited quarterly reports to its shareholders.

Shares of the Class B Common Stock are traded in the over-the-counter market and are included as National Market System securities on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"). Reports and other information covering the Company can be inspected at the offices of the National Association of Securities Dealers, Inc. ("NASD"), 1735 K Street, Washington, D.C. 20006.

The registration statement filed with the Commission, which includes this prospectus, incorporates by reference various documents which are not delivered herewith. Statements herein contained concerning the provisions of any document are not necessarily complete; and in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement. Each such statement is qualified in its entirety by such reference. The Company will provide without charge to each person to whom this prospectus is delivered, upon written or oral request of such person, a copy of any and all information incorporated by reference in the registration statement, excluding exhibits to such information unless such exhibits are specifically referenced therein. Requests for such information, and information concerning the Administrative Committee (including the identity of its current members) should be directed to Patricia J. Smith, Corporate Secretary, Mail No. BC300, Adolph Coors Company, Golden, Colorado 80401, telephone (303) 277-2111.

**SUMMARY**

The Plan provides for grants of Restricted Stock and Stock Options to Participants. The Plan also provides that Participants may be offered the opportunity to purchase Class B Common Stock from the Company and to otherwise receive Class B Common Stock. The Plan's Administrative Committee ("Administrative Committee") designates Participants from among eligible employees and determines the amounts of each grant. The grants are subject to certain holding periods and other restrictions to encourage long-term ownership.

## GENERAL INFORMATION

The mailing address of the Company's principal executive offices is: Adolph Coors Company, 12th and Ford Streets, Golden, Colorado 80401; and its telephone number is (303) 279-6565.

## EQUITY INCENTIVE PLAN

The Plan for which securities are being offered hereby is the Adolph Coors Company Equity Incentive Plan, which was adopted by the board of directors of the Company (the "Board") effective January 1, 1990. The Plan was amended and restated effective January 1, 1994. The Plan will continue in effect until terminated by the Board and may be modified or amended by the Board at any time; provided, however, that any termination, amendment or modification of the Plan may not adversely affect any previous grants or awards under the Plan without the consent of the Participants affected by a change and, when required by law, the approval of shareholders. Participants are designated by the Administrative Committee from among key management employees ("Eligible Employees") of the Company and its divisions. See "Administration of the Plan."

The purposes of the Plan are to provide key employees selected for participation in the Plan with added incentives to continue in the service of the Company; 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 objectives; to more directly align the income of management with the growth of the Company; and to attract and retain key employees by providing an opportunity for investment in the Company.

## SECURITIES TO BE OFFERED AND EMPLOYEES WHO MAY PARTICIPATE IN THE PLAN

A total of 2,000,000 shares of Class B Common Stock has been reserved to be issued under the Plan. This reservation of shares may be increased from time to time by the Board, with the consent of the Class A Shareholder when so required.

The Plan defines Eligible Employees as key management employees (including, without limitation, officers and directors who also are employees) of the Company or any of its divisions, upon whose judgment, initiative and efforts the Company is largely dependent for the successful conduct of its business. The Administrative Committee has discretion to designate Participants from among the Eligible Employees. There are no maximum or minimum amounts of securities to be awarded through Restricted Stock Awards, the grant of Options or otherwise.

## RESTRICTIONS

The Administrative Committee may impose certain restrictions on Restricted Stock Awards, including the Participant's continuous employment by the Company or an affiliated corporation for a specified restriction period or the attainment of specified performance goals and objectives. The periods of employment and performance goals may vary between the Participants or the same Participant may receive several grants, each of which may involve different employment periods and performance goals. Certain additional restrictions apply upon the termination of employment. See "Termination of Employment." No right or interest of any Participant in a Restricted Stock Award or Option (prior to the completion of the holding period, satisfaction of other restrictions, or the exercise of an Option) may be assignable or transferable during the lifetime of the Participant. Stock certificates for shares granted pursuant to Restricted Stock Awards shall bear a legend referring to these restrictions. The Company may enforce these restrictions by requiring such certificates to be kept in the custody of the Company or of a third party while the restrictions are in effect.

The terms of each Restricted Stock Award will be described in a Restricted Stock Agreement to be executed by the Company and the Participant at the time of the award. Options shall be granted for an Option Period to be determined by the Administrative Committee and may be subject to such other restrictions as the Administrative Committee determines. The rights of Participants upon termination of employment depend on the type of termination. See "Termination of Employment."

Except for transfers by will or pursuant to the laws of descent and distribution, an Option is not transferable. The terms of each grant of an Option will be specified in a Non-Qualified Stock Option Certificate to be executed by the Company and delivered to the Participant at the time of the grant.

### Right of Repurchase

In the event of the death of a Participant, or if a Participant at any time proposes to transfer any of the Class B Common Stock acquired pursuant to the Plan to a third party, the Participant (or his personal representative or estate, as the case may be) must make a written offer (the "Offer") to sell all of the Class B Common 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 defined in the Plan. In the case of a proposed sale of any of the Class B Common Stock to a third party, the Offer must state the name of the proposed transferee and the terms and conditions of the proposed transfer. In a case of a proposed sale through or to a registered broker-dealer, the Offer must state the name and address of the broker. The Company will have the right to elect to purchase all (but not less than all) of the shares of Class B Common Stock. The Company will have the right to elect to purchase the shares of Class B Common Stock for a period of ten days after the receipt by the Company of the Offer. This right of first refusal will 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 Class B Common Stock.

The Company will exercise its right to purchase the Class B Common Stock by giving 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 Class B Common Stock, payment for the shares of Class B Common Stock will be made in full by Company check. Any such payments will be made within ten days after the election to purchase has been exercised.

If the Class B Common Stock is not purchased pursuant to the foregoing provisions, the shares of Class B Common 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 will again apply to such transfer. If the Company's right of first refusal under this section is created by an event other than a proposed transfer to a third party, the shares of Class B Common Stock will remain subject to the provisions of this section in the hands of the registered owner of the Class B Common Stock.

The purchase price for each share of Class B Common Stock purchased by the Company pursuant to this section will be equal to the Fair Market Value of the Class B Common Stock on the date the Company receives the Offer.

Shares issued to Participants who are considered affiliates of the Company cannot be resold unless a registration statement covering such sale is in effect, an appropriate exemption from registration is available, or the sale can be accomplished through, and within the limitations of, Rule 144 promulgated under the Securities Act of 1933. Generally, "affiliates" are persons who exert a controlling influence over the affairs of the Company, such as members of the Board or certain Officers.

### **TERMINATION OF EMPLOYMENT**

If a Participant's employment by the Company or by an affiliated corporation is terminated by death, disability or retirement, all employment period and other restrictions under a Restricted Stock Award will lapse with respect to a pro rata part of each award (based on the ratio between the number of full months of employment completed and the full term of each award), while shares represented by the remainder of a Restricted Stock Award shall be forfeited and returned to the Company, unless the restrictions are waived, accelerated or otherwise modified in the Administrative Committee's discretion. If a Participant's employment terminates for any other reason, including termination with or without cause, or resignation, the entire amount of the award as to which the employment period or other restrictions have not been satisfied shall be forfeited, unless waived or accelerated in the Administrative Committee's discretion.

If a Participant's employment is terminated for cause (as defined in the Plan), any outstanding Option will expire immediately. If the Participant retires or becomes disabled, the unexpired portion of the Option will expire on the earlier of the end of the Option Period for which the Option is granted or 36 months after the date of retirement or disability, and such Option may be exercised only as to shares as to which it could have been exercised on or before the date of retirement or disability. If a Participant dies while still employed or dies within the 36 months following the Participant's retirement or disability, the Participant's heirs will have until the earlier of the expiration of the Option Period or 15 months after death to purchase shares which were available for purchase under an Option on the date of death (provided that such exercise must occur within the Option Period). If a Participant's employment is terminated by the Company or any affiliated corporation for any other reason, the Participant's Options will expire on the earlier of the expiration of the Option Period or three months after the date of termination.

### **ACQUISITION OR PURCHASE OF SECURITIES PURSUANT TO THE PLAN**

The Administrative Committee will determine the period within which a Participant may receive a Restricted Stock Award or an Option. Restricted Stock Awards will be subject to the satisfaction of periods of employment and other requirements before the shares granted will be free of restrictions and become freely transferable. The grant of an Option will be for a specified Option Period to be determined by the Administrative Committee. At the time an Option is granted, the Administrative Committee may impose continuous employment or "vesting" requirements which must be satisfied before the Option can be exercised.

Once the continuous employment or vesting requirements have been satisfied, shares subject to an Option may be purchased at any time during the Option Period, but not thereafter. There is no minimum or maximum number of shares as to which an Option may be exercised at any time or during any year.

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

The Administrative Committee may, in its sole discretion, grant Options, Restricted Stock, or any combination of Options and Restricted Stock, on terms and conditions determined by the Committee, in its sole discretion, to the Participants who purchase Class B Common Stock after receiving an offer from the Company.

Additionally, the Board may, in its sole discretion, adopt one or more incentive compensation arrangements for Participants whereby the Participants may acquire shares of Class B Common Stock, by purchase, outright grants, or otherwise. Any such arrangements will be subject to the general provisions of the Plan and all shares of Class B Common Stock issued according to such arrangements will be issued under the Plan.

An Option may be exercised at the Option Price determined by the Administrative Committee at the time of the grant. Once established, the Option Price may not be modified without the consent of the Participant. Adjustments in the capital structure of the Company by stock splits, stock dividends, and similar changes will affect the number of shares as to which a Restricted Stock Award or Option may be granted under the Plan and the number of shares included in each outstanding Award or Option granted under the Plan.

### **REORGANIZATION OR CHANGE IN CONTROL**

If the Company is merged or consolidated with another corporation and the Company is not the surviving corporation, or if all, or substantially all, of the assets or more than 50 percent of the outstanding voting stock of the Company is acquired by any other person, or in the case of a reorganization (other than a reorganization under the United States Bankruptcy Code) or liquidation of the Company, the Administrative Committee, or the board of directors of any corporation assuming the obligations of the Company, shall, as to the Plan and outstanding Restricted Stock Awards and Options, make appropriate provision for the adoption and continuation of the Plan or provide that all unexercised Options will be terminated unless they are exercised within a specified number of days.

In the event of a change in control of the Company, all Options shall become immediately exercisable in full for the balance of the Option Period and all restrictions with respect to outstanding Restricted Stock Awards shall immediately lapse. A "change in control" means the acquisition of 50 percent or more of the outstanding Class A Common Stock by persons not affiliated with the Company and without the consent of the Board, the election of individuals to a majority of the Board who were not previously members of the Board or were not recommended by management, or a legally binding and final vote of the shareholders of the Company in favor of selling all, or substantially all, assets of the Company.

### **PAYMENT FOR SECURITIES OFFERED**

Shares acquired pursuant to Restricted Stock Awards are a form of compensation by the Company to a Participant rather than a direct purchase by a Participant; however, each Participant must satisfy the withholding tax obligation on income generated by said award. See "ERISA and Federal Income Tax Consequences."

The Option Price may be paid by cash, certified or cashier's check; by surrender of shares of Class B Common Stock then owned by the Participant, provided such shares have been held by the Participant for more than six months; or by notice of exercise to the Company coupled with irrevocable instructions to a broker to deliver to the Company promptly either the amount of proceeds of a sale of shares of Class B Common Stock or the proceeds of a loan from the broker to cover the Option Price.

The Company will report to each Participant annually with respect to each Participant's Restricted Stock Awards, Options and other awards under the Plan.

### **WITHDRAWAL FROM THE PLAN AND ASSIGNMENT OF INTERESTS**

The termination of a Participant's employment will effect the Participant's withdrawal from the Plan, subject to the specific provisions of the Plan concerning rights after termination. A Participant's interest in Restricted Stock Awards or Options is not assignable or transferable except by will or by the laws of descent or distribution and may not be assigned or hypothecated. Once the holding periods and other requirements are satisfied, shares received pursuant to a Restricted Stock Award or Option become fully transferable (except for the Company's right of first refusal); thereafter, a Participant's ownership is not terminable by termination of employment or by death. See "Restrictions" and "Termination of Employment."

There are no defaults under the Plan, but an Option not exercised within the Option Period will lapse.

### **ADMINISTRATION OF THE PLAN**

The plan is administered by the Administrative Committee. The Administrative Committee is authorized, in its sole discretion, to select Participants from among the Eligible Employees; to determine each Restricted Stock Award, Option and other awards to be granted pursuant to the Plan, the number of shares of Class B Common Stock to be issued thereunder, and the time in which Restricted Stock Awards and Options are to be granted; to fix the Option Price, Option Period, and manner in which an Option becomes exercisable; to establish the duration and nature of Restricted Stock Award restrictions; and to establish such other terms and requirements of the various compensation incentives under the Plan as the Administrative Committee may deem necessary or desirable and which are consistent with the terms of the Plan. The Administrative Committee will determine the form or forms of agreements with Participants to evidence the provisions, terms, conditions, rights and duties of the Company and Participants with respect to each grant and adopt such rules and regulations to carry out the purposes of the Plan as it may deem proper. The Administrative Committee may correct defects, supply omissions, and reconcile any inconsistency in the Plan or in any agreement entered into under the Plan. Members of the Administrative Committee are not liable for any action or determination made in good faith. The determinations, interpretations, and other actions of the Administrative Committee will be binding and conclusive for

all purposes and on all persons.

## **ERISA AND FEDERAL INCOME TAX CONSEQUENCES**

The following discussion of the federal income tax consequences of participation in the Plan for a typical Participant is only a summary and does not cover, among other things, foreign, state, or local tax consequences or estate and gift tax consequences of participation in the Plan. Differences in Participants' financial situations may cause the tax consequences of participation in the Plan to vary. Therefore, each Participant is urged to consult his own legal counsel, accountant, or other tax advisor regarding the tax consequences of participation in the Plan to him.

### **Grant and Exercise of Options.**

In general, a Participant will not recognize any compensation upon the grant of an Option. Upon exercise of the Option, the amount by which the fair market value of the shares at the time of exercise exceeds the exercise price must be reported by the Participant as compensation. See "Exercise Of Options With Stock" below for the consequences of using previously acquired stock to exercise an Option. However, if the exercise price is substantially less than the fair market value of the shares at the time the Option is granted, there is a risk that the Internal Revenue Service may assert that the Participant must recognize compensation at the time the Option is granted equal to the excess of the fair market value of the Class B Common Stock over the exercise price.

The Participant must make appropriate arrangements with the Company to pay the federal, state, or local income tax withholding resulting from the exercise of the Option. The Company will be entitled to a deduction, in an amount equal to the compensation recognized by the Participant, for the Company's taxable year that ends with or within the taxable year in which the Participant recognizes compensation, if and to the extent such amount is an ordinary and necessary business expense and satisfies the test of reasonable compensation.

The Participant's basis for the Class B Common Stock will be equal to the sum of (1) the exercise price of the shares and (2) the compensation includable in income with respect to the exercise of such Option, if any. The holding period will begin on the day after the day the Option is exercised.

### **Exercise of Options With Stock.**

If a Participant exercises an Option by paying the exercise price with shares of Class B Common Stock, the Participant will be treated as having made a nontaxable exchange of the number of shares surrendered for an equal number of shares received (the "Exchange Stock"). The basis and holding period of the Exchange Stock received will be the same as the basis and holding period of the Class B Common Stock surrendered.

All shares received in excess of the Exchange Stock (the "Excess Stock") are treated as compensation to the Participant, and the Company will have a corresponding deduction to the extent the amount is an ordinary and necessary business expense and satisfies the test of reasonable compensation. The amount of compensation is equal to the fair market value of the Excess Stock on the date the Option is exercised. The Participant must make appropriate arrangements with the Company to pay the federal, state, or local income tax withholding resulting from the receipt of compensation. The Excess Stock has a basis equal to the compensation included in income with respect to the acquisition of such Excess Stock and a holding period that begins on the day after the date the Option is exercised.

For example, if a Participant exercises an Option by surrendering 20 shares of Class B Common Stock and receives 50 shares of Class B Common Stock, 20 of the 50 shares will be treated as Exchange Stock; the remaining 30 shares will be treated as Excess Stock.

When shares of Class B Common Stock acquired through the exercise of an Option are disposed of, the shares constituting Excess Stock are deemed to be the first disposed of; the next shares disposed of are the shares of Exchange Stock having the lowest basis; the shares of Exchange Stock having the highest basis are deemed to be the last shares disposed of.

**ANY PARTICIPANT WHO CONTEMPLATES EXERCISING AN OPTION BY PAYING THE EXERCISE PRICE WITH PREVIOUSLY ACQUIRED CLASS B COMMON STOCK IS STRONGLY URGED TO CONSULT WITH HIS/HER OWN TAX ADVISOR PRIOR TO MAKING SUCH AN EXERCISE.**

### **Restricted Stock.**

In general, a Participant will not recognize compensation until the Restricted Stock vests. The amount of compensation is equal to the fair market value of the Restricted Stock on the date it vests. In the alternative, a Participant may make an election under Code section 83(b) to recognize compensation when the Restricted Stock is granted. The amount of compensation is equal to the fair market value of the Restricted Stock on the date it is granted. The election must be filed with the Internal Revenue Service within 30 days after the date of grant.

The Company will withhold the number of shares of stock required to pay the federal, state, or local income tax withholding resulting from the receipt of compensation. The Company will be entitled to a deduction, in an amount equal to the compensation recognized by the Participant, for the Company's taxable year that ends with or within the taxable year in which the Participant recognizes compensation, if and to the extent such amount is an ordinary and necessary business expense and satisfies the test of reasonable compensation.

The Participant's basis for the Class B Common Stock is equal to the amount of compensation recognized by the Participant. The holding period begins just after the Restricted Stock vests. However, if the Participant makes the election under Code section 83(b), the holding period begins just after the Restricted Stock is granted.

### **Purchase of Stock.**

A Participant who purchases Class B Common Stock that is not subject to restrictions for a purchase price equal to the Class B Common Stock's fair market value on the date of purchase will not recognize compensation when the Class B Common Stock is purchased, and the Company will not be entitled to a deduction. The Participant's basis for the Class B Common Stock will be equal to the amount paid for the Class B Common Stock, and the Participant's holding period will begin on the day after the Class B Common Stock is purchased.

If the Class B Common Stock purchased is subject to restrictions (other than restrictions imposed by the securities laws), the Participant will recognize compensation when the restrictions lapse. The amount of compensation is equal to the fair market value of the Class B Common Stock on the date the restrictions lapse minus the amount paid for the Class B Common Stock. The Participant must make appropriate arrangements with the Company to pay the federal, state, or local income tax withholding resulting from the receipt of compensation. The Company will be entitled to a deduction, in an amount equal to the compensation recognized by the Participant, for the Company's taxable year that ends with or within the taxable year in which the Participant recognizes compensation, if and to the extent such amount is an ordinary and necessary business expense and satisfies the test of reasonable compensation. The Participant's basis for the Class B Common Stock will be equal to the amount paid for the Class B Common Stock plus the compensation recognized by the Participant, and the Participant's holding period will begin just after the restrictions lapse.

In the alternative, a Participant who purchases Class B Common Stock subject to restrictions (other than restrictions imposed by the securities laws) may make an election under Code section 83(b) to recognize compensation when the Class B Common Stock is purchased. The amount of compensation is equal to the fair market value of the Class B Common Stock on the date it is purchased minus the amount paid for the Class B Common Stock. The election must be filed with the Internal Revenue Service within 30 days after the date of purchase. The Participant must make appropriate arrangements with the Company to pay the federal, state, or local income tax withholding resulting from the receipt of compensation. The Company will be entitled to a deduction, in an amount equal to the compensation recognized by the Participant, for the Company's taxable year that ends with or within the taxable year in which the participant recognizes compensation, if and to the extent such amount is an ordinary and necessary business expense and satisfies the test of reasonable compensation. The Participant's basis for the Class B Common Stock will be equal to the amount paid for the Class B Common Stock and the amount of compensation recognized. The Participant's holding period will begin on the day after the day the Class B Common Stock was purchased.

If the Participant purchases the Class B Common Stock for a price less than fair market value, the Participant will recognize compensation equal to the fair market value of the Class B Common Stock on the date of purchase minus the amount paid. The Participant must make appropriate arrangements with the Company to pay the federal, state, or local income tax withholding resulting from the receipt of compensation. The Company will be entitled to a deduction, in an amount equal to the compensation recognized by the Participant, for the Company's taxable year that ends with or within the taxable year in which the Participant recognizes compensation, if and to the extent such amount is an ordinary and necessary business expense and satisfies the test of reasonable compensation. The Participant's basis for the Class B Common Stock will be equal to the sum of the amount paid for the Class B Common Stock and the compensation recognized. The Participant's holding period will commence on the day after the date the Class B Common Stock is purchased. If the Class B Common Stock is subject to restrictions, see the two preceding paragraphs concerning the time when the Participant recognizes income and elections under Code section 83 (b).

### **Grant of Stock.**

A Participant who receives a grant of Class B Common Stock will recognize compensation in an amount equal to the fair market value of the Class B Common Stock on the date the Class B Common Stock is granted. The Participant must make appropriate arrangements with the Company to pay the federal, state, or local income tax withholding resulting from the receipt of compensation. The Company will be entitled to a deduction, in an amount equal to the compensation recognized by the Participant, for the Company's taxable year that ends with or within the taxable year in which the participant recognizes compensation, if and to the extent such amount is an ordinary and necessary business expense and satisfies the test of reasonable compensation.

The basis for the Class B Common Stock will be equal to the compensation recognized, and the holding period will begin on the day after the date the Class B Common Stock was granted.

If the Class B Common Stock is subject to restrictions, the tax treatment will be as described under "Restricted Stock," above.

### **Withholding Tax.**

The Company's obligations to deliver shares acquired under the Plan are subject to the Participant satisfying all applicable federal, state and local income and other tax withholding requirements. The Company's withholding obligation as it relates to the grant of Restricted Stock will be satisfied by the Company's withholding from the Shares otherwise issuable to the Participant shares having a value equal to the amount required to be withheld. The value of shares to be withheld will be based on the Fair Market Value of the Class B Common Stock on the date that the amount of tax withheld is to be determined.

## **Disposition of Stock.**

Upon a taxable disposition of shares of Class B Common Stock acquired under the Plan, any amount received by the Participant in excess of his basis for the Class B Common Stock will generally be treated as long- or short-term capital gain, depending upon the holding period of the shares. If upon disposition the Participant receives an amount that is less than his basis, the loss will generally be treated as a long- or short-term capital loss, depending upon the holding period of the shares.

## **Alternative Minimum Tax.**

In the event of any long-term capital gain on sale or exchange of shares of Class B Common Stock acquired under the Plan, the amount of such gain will be included in minimum taxable income. In general, alternative minimum taxable income is computed by adding the tax preference items to adjusted gross income and then subtracting the allowable deductions. Computation of the alternative minimum tax is complex and depends on the financial situation of each taxpayer. Participants are urged to consult their own tax advisors with respect to this matter.

## **Vesting Upon Change In Control.**

The Plan provides that all outstanding Options and Restricted Stock will become fully vested upon a "change in control," as defined in the description of the Equity Incentive Plan in the Registration Statement on Form 10 referred to below. The value of the acceleration of vesting and payment will be treated as a "parachute payment" within the meaning of Code section 280G. If the value of the acceleration of vesting and payment together with any other payments received by the participant in connection with the change in control results in an "excess parachute payment," as defined in Code section 280G, the Participant will be subject to an excise tax equal to 20% of the "excess parachute payment." The Company will not be entitled to a deduction for any amount treated as an "excess parachute payment."

"ERISA" Provisions.

The Plan is not subject to any provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and is not a "qualified" Plan as defined in Code section 401(a). The information contained in this Section, ERISA AND FEDERAL INCOME TAX CONSEQUENCES, is based on existing law, which is subject to change.

## **DESCRIPTION OF COMMON STOCK**

The Class B Common Stock offered hereby is registered under Section 12 of the 1934 Act as Adolph Coors Company Class B Common Stock (Non-voting), no par. The Company is authorized to issue 1,260,000 shares of Class A Common Stock (Voting), \$1 par, and 46,200,000 shares of Class B Common Stock. The Articles of Incorporation provide that no dividends may be declared on the Class A Common Stock without declaring equal dividends per share on the Class B Common Stock.

The entire voting power is vested in the Class A Common Stock which has one vote per share, except as otherwise expressly provided by statute. Under the present Colorado Corporation Code, holders of non-voting shares are entitled to vote as a class on any proposed amendment to the Articles of Incorporation which would increase or decrease the number of shares of such class authorized to be issued; increase or decrease the par value of the shares of such class; or alter or change the preferences, special rights, or powers of such class so as to affect it adversely. Class voting is also provided by statute on proposals involving certain mergers and share exchanges.

## **INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The Company hereby incorporates by reference the documents listed below. All documents subsequently filed by the Company pursuant to Sections 13 (a) and (c), 14, and 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), prior to the filing of a post-effective amendment to the registration statement which indicates that all securities offered thereby have been sold or which deregisters all such securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents:

(a) The Company's latest Annual Report on Form 10-K for its fiscal year ended in December 1992, filed pursuant to Section 13 or 15(d) of the Exchange Act.

(b) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Form 10-K referred to in paragraph (a).

(c) The description of the Company's common stock contained in the Company's registration statement under Section 12 of the Exchange Act.

## **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The Company's Articles of Incorporation authorize the Company to indemnify its directors, officers, employees, and agents against liabilities and expenses incurred in their corporate capacities in the manner allowed by the provisions of the Colorado Corporation Code. Generally, the Colorado Corporation Code and the Company's Bylaws allow the Company to indemnify a director who is made party to a proceeding as long

as he conducted himself in good faith; reasonably believed that his conduct in an official capacity was in the corporation's best interests or, in other cases, that his conduct was not opposed to the corporation's best interests; and in the case of criminal proceeding, had no reasonable cause to believe his conduct was unlawful. The Bylaws extend indemnification to officers and employees and permit the Board to authorize indemnification of agents of the Company in certain instances.

The Company's Articles of Incorporation also limit the liability of Directors for monetary damages for breach of fiduciary duty to the Company except for disloyalty, acts or omissions not in good faith, intentional misconduct, knowing violations of the law, receipt of improper personal benefits, or violations of the Colorado Corporation Code regarding certain financial matters such as the payment of dividends and the making of loans.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to directors, officers, or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**EMPLOYMENT CONTRACTS AND TERMINATION OF  
EMPLOYMENT ARRANGEMENTS FOR  
W. LEO KIELY III, ALVIN C. BABB AND WILLIAM H. WEINTRAUB**

February 4, 1993

Mr. Leo Kiely  
1912 MacGregor  
Plano, TX 75093

Dear Leo,

It is a pleasure for me to forward this offer of employment and compensation for your consideration. I have made a few changes from the previous document we have reviewed, and I hope I have covered all the issues. I would be happy to discuss any of the items with you if you have further questions.

This offer is subject to your election by the board of directors (scheduled for February 11, 1993). You will be happy to know that a pre-employment physical examination is not required.

Your official starting date of employment will be March 1, 1993.

POSITION:	PRESIDENT/COO
BASE SALARY:	\$30,000 per month (\$360,000 annual) reviewed annually and adjusted January 1 of each year.
OFFICER'S SALARY:	\$10,000 lump sum paid July 1 each year. (Not included in base pay for bonus calculation.)
BONUS:	50% of base pay as target paid out each year by end of February. 50% of base pay guaranteed in year 1 and 2.
RELOCATION BONUS:	Our relocation policy provides for an option to get 2-3 appraisals on your home and pay you immediately the average and the company would then sell the home, or you may choose to sell the home yourself if you believe you can do better. You have indicated that your cost in the home may be greater than current market by as much as \$150,000. We will pay you ("grossed up") up to that amount above the appraised value of your home.
LONG-TERM INCENTIVE:	It is my desire for you to have a major opportunity to earn significant cash/equity reward (in the 7 digit range annually) for leading the company in the achievement of its financial and growth goals. A program is being developed for senior management which will be put into place next year. You should be a key architect of that plan. The plan will be bi-directional with focus on increasing stockholder value as well as volume growth. I anticipate three year rolling plans with a minimum threshold for any payout and an upper end opportunity at 400% annual salary. The parameters need to be established and then approved by the board.
SEPARATION/ SEVERANCE:	I anticipate a long and mutually rewarding relationship. For the record, your employment is "at will" with no obligation to either you or the company to continue this relationship for a set length of time. In the unlikely event that something goes awry for reasons other than cause during the first 18 months of employment, we will pay your base salary monthly for a period of 30 months and your guaranteed bonus for that same period of 30 months. If such an event happens after 18 months, we will pay you 18 months of your then current salary and 1.5 times your last bonus payment. In either case your health insurance benefits will continue until you commence employment elsewhere or until the end of the payout

period. You would also receive a pro rata share of any long-term incentive payout.

STOCK GRANT:

Last year the board of directors approved a restricted stock grant effective January 1, 1993. We reserved 1,000 shares as a grant to the new president at the time he joined the company. The value is taxable to you. The shares vest in three years.

OTHER BENEFITS/

See enclosure

**PERQUISITES:**

Leo, if the meetings we have had together so far are an indication of the type of relationship that lies ahead, I am thrilled about the prospects. I look forward to working with you.

Best regards

*/s/ Peter H. Coors  
Peter H. Coors  
Chief Executive Officer*

**PHC/cl**

**Enclosure**

December 1, 1993

Mr. Alvin C. Babb  
Executive Vice President  
Coors Brewing Company  
**BC 400**  
Golden, CO 80401

RE: Agreement Regarding Severance or Termination

Dear Al:

This letter sets forth the terms and conditions that will apply in the event that your employment with Coors Brewing Company is terminated between now and December 31, 1996.

Either you or Coors may terminate your employment at any time prior to December 31, 1996, with thirty (30) days' prior written notice.

While employed, you will receive salary and other benefits in accordance with company practice. Attached to this letter is a list of the benefits you will receive at the termination of this agreement. You will receive the medical plan benefits provided by the Company at the time of your termination. In addition, Coors will provide you, on an after-tax basis, with any additional benefits necessary to assure that you receive in the aggregate the same benefits you would have been entitled to receive, on an after-tax basis, if you had retired under the medical program in effect in October 1993.

If your employment is terminated on or before December 31, 1996, within thirty (30) business days after such termination, the Company will pay you an amount equal to the sum of two times your annual salary at the date of termination (but not less than two times your current salary of \$268,800) plus a lump-sum payment under your salary continuation agreement calculated at your annual base salary at the date of termination (but not less than your current salary) and using a five percent (5%) annual discount rate. This figure includes the payment you are entitled to receive under salary continuation or supplemental pension or severance arrangements.

Should you die before termination of this agreement, the Company's financial obligation to you may be fulfilled in whole or in part through payment of your existing Company-paid officers' life insurance policy (six times salary), but in no event will you be entitled to receive a total of more than the greater of the amount payable under such officer's life insurance and the amount payable under the preceding paragraph.

Al, you may not assign your rights or obligations under this agreement. Any dispute arising under this agreement will be settled in Denver, Colorado, in accordance with the rules of the American Arbitration Association then in effect. The parties shall be entitled to discovery as permitted by the Colorado Rules of Civil Procedure.

Your signature below indicates that you agree to the employment terms set forth in this letter.

**COORS BREWING COMPANY**

*By: /s/ W. Leo Kiely, III*

*/s/ Alvin C. Babb  
Alvin C. Babb  
Date: 12/15/93*

**ATTACHMENT TO LETTER  
TO ALVIN C. BABB  
DECEMBER 1, 1993**

As an Officer of Coors Brewing Company, if you are eligible for and elect regular retirement after electing to terminate your employment under the Enhanced Voluntary Severance Program, you are eligible for the following benefits at the time of your retirement:

**GROUP HEALTH:**

Medical - In-Network - You and your eligible dependents are provided with 100% medical coverage of approved charges if you participate in the HHA process, 85% without HHA. All eligible dependent children have 100% coverage of approved charges. If you use an out-of-network provider, there is a \$250 per individual deductible and coverage will be reduced to 65% or 70% depending on HHA participation.

Dental - Coors provides you and your eligible dependent with 100% coverage of approved expenses.

Prescription Drugs - Coors will pay 100% of prescription drugs for you and your eligible dependents.

The current premium for Group Health coverage is \$50.00 per month for eligible dependent coverage.

Officer Life Insurance - Coverage will cease upon date of retirement; you may purchase all or any part of the policy at the cash value less any policy loan.

Annual Physical - A complete physical examination is provided annually for you through the Coors Medical Center. This benefit will continue when you retire.

Adoption Assistance - This benefit will cease upon date of retirement.

Equity Incentive Plan - You may exercise your Options under this Plan until the earliest of either the day your Option Period expires, or three months following the date of your retirement.

NQSO - You may exercise your options until the earliest of either the day your Option Period expires or two months following the date of your retirement.

Deferred Compensation - Coors will pay you an amount based upon 30% of your last annual salary including officer's salary. One year will be added to your age and to your service when calculating your benefits and you will receive a vested benefit payable in a lump sum. Vesting will be 1% of final annual pay for each full year with the Company. This benefit is reduced for early retirement form either age 65 or Rule of 85 date. You will receive the greater of your deferred compensation benefit per your agreement or the Enhanced Deferred Compensation amount (as stated above).

Officers' Salary - Your Officers' salary ceases when you retire but is use in the calculation of your retirement benefit and deferred compensation.

Car - You have the option of purchasing your company car at the Company's book value.

Country Club Membership - You may assume the membership for your use during retirement upon payment of the monthly dues and any assessment fees.

Financial Planning - You may continue this service for two years following your date of retirement. The cost of this service is assumed by Coors.

Sports Tickets - Unused tickets to sporting events must be returned to the Company at date of retirement.

June 15, 1993

Mr. William H. Weintraub  
3461 Winding Oaks Drive  
Longboat Key, FL 34228

Dear Bill,

It is my intention to summarize in this letter all of the details associated with our employment offer to you.

It is with great pleasure that we offer to you the position of Vice President, Marketing, for the Coors Brewing Company. You will be reporting to Leo Kiely at an annual base salary of \$254,000. Your salary will be reviewed annually and adjusted January 1 of each year. In addition to your base salary, you will be paid a lump sum officer's fee of \$10,000 each July 1. A new executive compensation program is currently being designed that will include both annual and long-term incentive programs. You will participate in it.

**Annual Management Incentive Program** - In 1993 and 1994 you will be paid a minimum of 40% of the base salary you are paid in those years. The annual bonuses will be paid by February 28 of the subsequent year (i.e. February 28, 1994 and February 28, 1995). I believe that the annual incentive program being designed will have a target of about 40% of annual base pay with payout possibilities ranging from 10% to possibly as much as 60% of annual base pay. It is our intention to design and to implement a very competitive and motivating annual incentive program effective 1/1/94.

**Long-Term Incentive Program** - The long-term incentive program will be in addition to the annual bonus program referred to above. The plan is being designed to provide lucrative rewards to participants if business performance objectives are met and shareholder value is increased.

You will receive all of the benefits which are briefly reviewed in an outline which has already been provided to you. In addition the current company officers' automobile policy should give you more details about that particular benefit. However, I would be happy to answer any remaining unanswered questions you may have about the benefits you will have.

In the very unlikely event that your employment with the company should be terminated for reasons other than cause during the first two years of employment, fifteen months of total salary (base salary plus 40% target bonus) will be paid to you. After your first two years of employment, you will be covered by the standard officer severance package, which is currently one year of base salary plus a pro rata amount of the actual bonus earned in that year.

The company will pay costs associated with your relocation to the Denver metropolitan area. The details of our program are more fully explained in the policy which has been provided to you. Since your home is in an area where real estate values cycle seasonally, we have agreed that the company will pay normal closing costs on the home you purchase in Colorado now and that you can delay sale of your home in Florida until "prime selling time." At that time you will have the options of selling your Florida home yourself or selling it to the Coors Brewing Company per the procedure outlined in the Relocation Policy. As a part of your relocation, the company will pay you a one-month salary stipend to cover incidental costs normally associated with moving.

You requested in our telephone conversation yesterday afternoon that your offer include a brief description of your responsibilities upon joining our company. I have not included that in this letter. That is because discussions and analysis for how to organize the marketing organization so that it is the most effective are currently underway. You will certainly be a key person in those decisions. It is distinctly possible that you will have additional responsibilities, but you need to discuss those possibilities with Leo Kiely.

Enclosed you will find a copy of Coors Brewing Company inventions and Nondisclosure Agreement. This agreement should be signed, dated, and returned. The bottom copy is for your records.

We anticipate a long and mutually rewarding relationship. However, you should know that your employment is "at will" with no obligation on either you or the company to continue for a set length of time.

I think that covers everything. If there is something we've discussed which isn't included in this letter, or if you have other questions that remain unanswered, please let me know.

Best regards,

*/s/ Gerry L. Kaveny  
Gerry L. Kaveny  
Executive Vice President  
Administration and Finance*

Enclosure: Coors Brewing Company Invention Agreement

June 11, 1993

Mr. William H. Weintraub  
3461 Winding Oaks Drive  
Longboat Key, FL 34118

Dear Bill,

In this letter I will try to "wrap up" some of the details we've discussed on the phone this week:

1. Severance: Should you be terminated from the company for reasons other than cause during the first two years of employment, fifteen months of total salary (base salary plus 40% target bonus) will be paid to you. After the first two years, you will receive the standard officer severance package which is currently one year of base salary plus a pro rata amount of the actual bonus earned in that year.
2. You will be eligible to participate in the long-term incentive plan that is being developed. The long-term incentive plan will be in addition to the annual bonus program which Leo referred to in an earlier letter to you. I can't provide details of the plan to you since it isn't yet designed. However, I can say that the plan is being designed to provide lucrative rewards to participants if business performance objectives are met and shareholder value is increased.
3. As you requested, enclosed is the current company officers' automobile policy.
4. I've included two recent analyst reports as you requested.
5. By now, Nadine Detro from Golden Equities, Inc. has probably contacted you. Nadine should be able to answer any questions and be a great assistance in making your relocation as simple as possible. She can be trusted to maintain the confidentiality of your situation.

I think this covers everything we discussed and you requested. Feel free to call me if other questions arise.

Welcome aboard!

Yours very truly,

*/s/ Gerry L. Kaveny  
Gerry L. Kaveny  
Executive Vice President  
Administration and Finance*

pc: Leo Kiely

ADOLPH COORS COMPANY AND SUBSIDIARIES  
RATIO OF EARNINGS TO FIXED CHARGES

	Before Special Charges 1993 (a)	After Special Charges 1993 (a)
	-----	-----
	(Dollars in thousands)	
Pretax income (loss) from continuing operations	\$ 65,710	(\$ 56,830)
Equity adjustments	( 4,182)	( 4,182)
	-----	-----
Earnings net of equity adjustments	69,892	( 52,648)
Add: Fixed charges -		
Interest expense	15,780	15,780
Capitalized interest	4,800	4,800
Amortization of debt expense	368	368
Interest portion of rent expense	939	939
	-----	-----
Total fixed charges	21,887	21,887
Less: Interest capitalized during the period	( 4,800)	( 4,800)
Add: Amortization of prior year capitalized interest	1,853	1,853
	-----	-----
ADJUSTED EARNINGS	\$ 88,832	(\$ 33,708)
	=====	=====
FIXED CHARGES	\$ 21,887	\$ 21,887
	=====	=====
RATIO OF EARNINGS TO FIXED CHARGES	4.06	( 1.54)
	=====	=====

(a) Pretax earnings for the year ended December 26, 1993, were affected by special charges and asset write-downs aggregating \$122.5 million, relating principally to restructuring charges as well as smaller special charges for the write-down of certain distributor assets and environmental enhancements. Without giving effect to such charges, the ratio of earnings to fixed charges for the year ended December 26, 1993, would have been 4.06. Giving effect to this charge, the ratio was (1.54). At this level, the ratio indicates inadequate earnings to cover fixed charges.

The dollar amount of the coverage deficiency was \$55.6 million.

[TEXT]

**EXHIBIT 21**

**ADOLPH COORS COMPANY AND SUBSIDIARIES  
SUBSIDIARIES OF REGISTRANT**

The following table lists subsidiaries of the Registrant and the respective jurisdictions of their incorporation as of December 26, 1993. All subsidiaries are included in Registrant's consolidated financial statements.

Name -----	State/Country of Incorporation -----
Coors Brewing Company	Colorado
Ford Street Management Company	Colorado
CBC International, Inc.	Colorado
Coors Distributing Company	Colorado
Coors Energy Company	Colorado
Gap Run Pipeline Company	Colorado
Coors International, Inc.	Delaware
Coors Transportation Company	Colorado
Rocky Mountain Water Company	Colorado
Wannamaker Ditch Company	Colorado

### **Consent of Independent Accountants**

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-33831) and in the Registration Statements on Form S-8 (No. 33-2761), (No. 33-35035) and (No. 33-40730) of Adolph Coors Company of our report dated March 4, 1994 appearing on page \_\_\_\_ of this Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules, which appears on page \_\_\_\_ of this Form 10-K.

#### **PRICE WATERHOUSE**

Denver, Colorado

March 25, 1994

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**End of Filing**

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