MOLSON COORS BREWING CO

FORM 10-Q
(Quarterly Report)

Filed 8/11/1999 For Period Ending 6/27/1999

Address	P.O. BOX 4030, MAIL #NH375
	GOLDEN, Colorado 80401
Telephone	303-277-3271
CIK	0000024545
Industry	Beverages (Alcoholic)
Sector	Consumer/Non-Cyclical
Fiscal Year	12/28

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For Quarter ended June 27, 1999

OR

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

Commission file number 0-8251

ADOLPH COORS COMPANY

(Exact name of registrant as specified in its charter)

COLORADO (State or other jurisdiction of incorporation or organization)	84-0178360 (I.R.S. Employer Identification No.)
Golden, Colorado (Address of principal executive offices)	80401 (Zip Code)

303-279-6565
(Registrant's telephone number, including area code)

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 [ ]

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 August 4, 1999:

Class A Common Stock - 1,260,000 shares Class B Common Stock - 35,548,244 shares

PART I. FINANCIAL INFORMATION (UNAUDITED)

Item 1. Financial Statements

ADOLPH COORS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Thirteen weeks ended June 27, 1999	June 28, 1998
	(In thousands, except per share data)	
Sales - domestic and international	$690,691	$654,893
Less: beer excise taxes	115,123	112,949
Net sales	575,568	541,944
Cost of goods sold	315,220	309,788
Gross profit	260,348	232,156
Marketing, general and administrative	186,638	167,507
Operating income	73,710	64,649
Other income - net	1,769	167
Income before income taxes	75,479	64,816
Income tax expense	29,248	25,278
Net income	$ 46,231	$ 39,538
Net income per common share - basic	$ 1.26	$ 1.09
Net income per common share - diluted	$ 1.23	$ 1.06
Weighted average number of outstanding common shares - basic	36,741	36,158
Weighted average number of outstanding common shares - diluted	37,435	37,320
Cash dividends declared and paid per common share	$ 0.165	$ 0.150

See notes to consolidated financial statements.

ADOLPH COORS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Twenty-six weeks ended June 27, 1999	June 28, 1998
	(In thousands, except per share data)	
Sales - domestic and international	$1,216,525	$1,155,907
Less: beer excise taxes	201,095	199,818
Net sales	1,015,430	956,089
Cost of goods sold	587,602	572,117
Gross profit	427,828	383,972
Marketing, general and administrative	335,996	304,327
Operating income	91,832	79,645
Other income - net	3,209	1,214
Income before income taxes	95,041	80,859
Income tax expense	36,828	31,535
Net income	$ 58,213	$ 49,324
Net income per common share - basic	$ 1.59	$ 1.36
Net income per common share - diluted	$ 1.55	$ 1.32
Weighted average number of outstanding common shares - basic	36,700	36,288
Weighted average number of outstanding common shares - diluted	37,495	37,368

Cash dividends declared and paid per common share	$ 0.315	$ 0.300

See notes to consolidated financial statements.

ADOLPH COORS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 27, 1999	December 27, 1998
	(In thousands)	
Assets		
Current assets:		
Cash and cash equivalents	$ 215,405	$ 160,038
Short-term marketable investments	31,038	96,190
Accounts and notes receivable, net	190,652	126,609
Inventories:		
Finished	49,576	38,520
In process	26,567	24,526
Raw materials	9,998	34,016
Packaging materials	8,753	5,598
Total inventories	94,894	102,660
Other assets	73,410	63,494
Total current assets	605,399	548,991
Properties, at cost and net	721,809	714,441
Long-term marketable investments	26,426	31,444
Other assets	225,161	165,722
Total assets	$ 1,578,795	$ 1,460,598

See notes to consolidated financial statements. (Continued)

ADOLPH COORS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 27, 1999	December 27, 1998
	(In thousands)	
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 222,907	$ 143,899
Accrued expenses and other liabilities	226,202	200,013
Current portion of long-term debt	15,000	40,000
Total current liabilities	464,109	383,912
Long-term debt	105,000	105,000
Deferred tax liability	61,025	65,779
Other long-term liabilities	129,847	131,109
Total liabilities	759,981	685,800
Shareholders' equity:		
Capital stock:		
Preferred stock, non-voting, $1 par value (authorized: 25,000,000 shares; issued: none)	--	--
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, $0.24 stated value (authorized: 100,000,000 shares; issued: 35,516,406 in 1999 and 35,395,306 in 1998)	8,456	8,428
Total capital stock	9,716	9,688

Paid-in capital	10,453	10,505
Retained earnings	802,986	756,531
Accumulated other comprehensive loss	(4,341)	(1,926)
Total shareholders' equity	818,814	774,798
Total liabilities and shareholders' equity	$ 1,578,795	$ 1,460,598

See notes to consolidated financial statements. (Concluded)

ADOLPH COORS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twenty-six weeks ended June 27, 1999	June 28, 1998
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 58,213	$ 49,324
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of joint ventures	(15,897)	(16,526)
Depreciation and amortization	64,366	57,771
Loss on sale or abandonment of properties	2,194	1,462
Deferred income taxes	(5,610)	(3,159)
Change in operating assets and liabilities	(7,253)	6,781
Net cash provided by operating activities	96,013	95,653
Cash flows from investing activities:		
Purchases of investments	(4,170)	(13,165)
Sales and maturities of investments	74,009	35,342
Capital expenditures	(79,259)	(37,439)
Proceeds from sales of properties	210	404
Distributions from joint ventures	8,485	4,969
Other	753	(343)
Net cash provided by (used in) investing activities	28	(10,232)
Cash flows from financing activities:		
Issuances of stock under stock plans	8,937	2,814
Purchases of stock	(13,308)	(25,582)
Dividends paid	(11,607)	(10,920)
Payment of current portion of long-term debt	(25,000)	(27,500)
Other	506	(76)
Net cash used in financing activities	(40,472)	(61,264)
Cash and cash equivalents:		
Net increase in cash and cash equivalents	55,569	24,157
Effect of exchange rate changes on cash and cash equivalents	(202)	(127)
Balance at beginning of year	160,038	168,875
Balance at end of quarter	$ 215,405	$ 192,905

See notes to consolidated financial statements.

ADOLPH COORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 27, 1999

1. BUSINESS

Founded in 1873 and incorporated in Colorado in 1913, Adolph Coors Company (ACC or the Company) is the holding company for Coors Brewing Company (CBC), the third-largest U.S. brewer.

2. SIGNIFICANT ACCOUNTING POLICIES

Unaudited consolidated financial statements - In the opinion of management, the accompanying unaudited financial statements reflect all adjustments, consisting only of normal recurring accruals, which are necessary for a fair presentation of the financial position of the Company at June 27, 1999, and the results of its operations and its cash flows for the thirteen and twenty- six weeks ended June 27, 1999. The accompanying financial statements include the accounts of ACC, CBC and the majority-owned and controlled domestic and foreign subsidiaries of both ACC and CBC. All significant intercompany transactions and balances have been eliminated in consolidation. These financial statements should be read in conjunction with the notes to the consolidated financial statements contained in the Company's Form 10-K for the year ended December 27, 1998. The results of operations for the thirteen and twenty-six weeks ended June 27, 1999 are not necessarily indicative of the results that may be achieved for the full fiscal year and cannot be used to indicate financial performance for the entire year.

Hedging transactions - In the normal course of business, the Company is exposed to changes in interest rates, fluctuations in the value of foreign currencies and fluctuations in production and packaging materials prices. The Company has established policies and procedures that govern the management of these exposures through the use of a variety of financial instruments. The Company employs various financial instruments including forward exchange contracts, options and swap agreements to manage certain of the exposures that it considers practical to do so. By policy, the Company does not enter into such contracts for the purpose of speculation or use leveraged financial instruments.

The Company's objective in managing its exposure to changes in interest rates, fluctuations in foreign currency exchange rates and fluctuations in production and packaging materials prices is to decrease the volatility of earnings and cash flows associated with changes in the applicable rates and prices. To achieve this objective, the Company primarily enters into forward exchange contracts, options and swap agreements whose values change in the opposite direction of the anticipated cash flows. Derivative instruments related to forecasted transactions are considered to hedge future cash flows, and the effective portion of any gains or losses are included in other comprehensive income until earnings are affected by the variability of cash flows. Any remaining gain or loss is recognized currently in earnings. The cash flows of the derivative instruments are expected to be highly effective in achieving offsetting cash flows attributable to fluctuations in the cash flows of the hedged risk. If it becomes probable that a forecasted transaction will no longer occur, the derivative will continue to be carried on the balance sheet at fair value, and gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. If the derivative instruments are terminated prior to their expiration dates, any cumulative gains and losses are deferred and recognized in income over the remaining life of the underlying exposure. If the hedged assets or liabilities were to be sold or extinguished, the Company would recognize the gain or loss on the designated financial instruments currently in income. Instruments entered into that relate to existing foreign currency assets and liabilities do not qualify for hedge accounting in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133) as they relate to existing assets and liabilities denominated in a foreign currency. The gains and losses on both the derivatives and the foreign-currency-denominated assets and liabilities are recorded currently in earnings.

To manage its exposures, the Company has entered into various financial instruments including forward exchange contracts, options and swap agreements. The Company has designated these instruments as cash flow hedges. The Company has partially hedged its exposure to the variability in future cash flows relating to fluctuations in interest rates, foreign exchange rates and certain production and packaging materials prices for terms extending from July 1999 through March 2002.

The Company adopted FAS 133 as of January 1999. The impact on the Company's financial position and results of operations are considered to be immaterial.

Statements of cash flows - Cash paid for interest for the six months ended June 27, 1999 and June 28, 1998, was $5.9 million and $7.6 million, respectively. Cash paid for income taxes for the six months ended June 27, 1999 and June 28, 1998, was $5.3 million and $22.3 million, respectively. During the six month periods ended June 27, 1999 and June 28, 1998, ACC issued restricted common stock under its management incentive program resulting in non-cash increases to the equity accounts of $0.3 million and $2.5 million, respectively. Also during the second quarter of 1999 and 1998, equity was increased by the non-cash tax effects of the issuances of stock under the Company's stock plans of $5.5 million and $6.7 million, respectively.

Reclassifications - Certain reclassifications have been made to the 1998 financial statements to conform with the 1999 presentation.

3. EARNINGS PER SHARE (EPS)

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

	Thirteen weeks ended		Twenty-six weeks ended	
	June 27, 1999	June 28, 1998	June 27, 1999	June 28, 1998
	(In thousands, except per share data)			
Net income available to common shareholders	$46,231	$39,538	$58,213	$49,324
Weighted average shares for basic EPS	36,741	36,158	36,700	36,288
Basic EPS	$1.26	$1.09	$1.59	$1.36
Effect of dilutive securities:				
Stock options	618	1,030	696	957
Contingent shares not				

included in shares outstanding for basic EPS	76	132	99	123
Weighted average shares for diluted EPS	37,435	37,320	37,495	37,368
Diluted EPS	$1.23	$1.06	$1.55	$1.32

The dilutive effects of stock options were determined by applying the treasury stock method, assuming the Company was to purchase common shares with the proceeds from stock option exercises.

4. OTHER COMPREHENSIVE INCOME

	Thirteen weeks ended		Twenty-six weeks ended	
	June 27, 1999	June 28, 1998	June 27, 1999	June 28, 1998
	(In thousands)			
Net Income	$46,231	$39,538	$58,213	$49,324
Other comprehensive income (expense), net of tax:				
Foreign currency translation adjustments	(792)	237	(2,973)	(867)
Unrealized gain on available-for-sale securities and derivative instruments, net of reclassification adjustments	805	204	558	204
Comprehensive income	$46,244	$39,979	$55,798	$48,661

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Consolidated Results of Continuing Operations

Sales and volume - Adolph Coors Company (ACC or the Company), the holding company for Coors Brewing Company (CBC), reported net sales of $575.6 million and $1,015.4 million for the second quarter and first half of 1999, respectively, representing an increase of 6.2% over each of the same periods of 1998. Net sales for the three months ended June 27, 1999, were impacted favorably by a unit volume increase of 2.4%; CBC sold 6,181,000 barrels of malt beverages in the second quarter of 1999 compared to sales of 6,036,000 barrels in the second quarter of 1998. Net sales per barrel for the three months ended June 27, 1999, were also impacted favorably by higher export sales, which generate greater net revenue per barrel than domestic volume, and by improved domestic gross realizations per barrel due to increased pricing, reduced discounting and mix improvement toward higher-net-revenue product sales. Net sales per barrel for the six months ended June 27, 1999, were impacted by essentially the same factors, with unit volume up 1.8% over the same period of 1998.

Gross profit - Gross profit in the second quarter of 1999 rose 12.1% to $260.3 million over the second quarter of 1998, while gross profit in the first half of 1999 rose 11.4% to $427.8 million, compared to the same period of 1998. As a percentage of net sales, gross profit increased to 45.2% and 42.1% in the second quarter and first half of 1999, respectively, from 42.8% and 40.2% for the same periods a year earlier. These improvements were attributable to the increases in net sales per barrel, as discussed above, offset by significantly smaller increases in cost of goods sold of 1.8% in the second quarter of 1999 and 2.7% in the first half of 1999 versus the prior year. Cost of goods sold per barrel for the second quarter of 1999 decreased due to lower unit costs for certain packaging materials, which more than offset a shift in product demand towards more expensive products and packages and higher unit costs for certain other packaging materials. Some of the lower unit packaging costs were non-recurring due to certain long-term supply contracts that were renegotiated and revised. Cost of goods sold per barrel for the six months ended June 27, 1999, increased as a result of a shift in product demand towards more expensive products and packages, higher unit costs for certain packaging materials, as well as increased production and labor costs incurred in the packaging areas during the first quarter of 1999. These increases were partially offset by decreases primarily due to production leverage and reduced packaging material costs for certain other materials.

Operating income - Operating income was $73.7 million and $91.8 million for the second quarter and first half of 1999, respectively, compared to $64.6 million and $79.6 million for the same periods a year earlier. These increases were primarily due to the increases in gross profit, as discussed above, offset in part by increases in marketing, general and administrative expenses. Marketing, general and administrative expenses rose primarily because of higher spending on marketing and promotions. Information technology expenses were also higher in the second quarter and first half of 1999 compared to the same periods in 1998.

Non-operating income and expense - Net non-operating income for the second quarter and first half of 1999 improved from the same periods of 1998 primarily because of reductions in net interest expense. The decrease in net interest expense in 1999 compared to 1998 was attributable to an increase in capitalized interest due to increased capital spending and lower outstanding principal balances of ACC's medium-term notes.

Effective tax rate - The consolidated effective tax rate for the second quarter and first half of 1999 was 38.75% compared to 39.0% for the

same periods in 1998.

Net income - Net income for the second quarter and first half of 1999 were $46.2 million, or $1.26 per basic share ($1.23 per diluted share), and $58.2 million, or $1.59 per basic share ($1.55 per diluted share), respectively. This compares to net income of $39.5 million, or $1.09 per basic share ($1.06 per diluted share), and $49.3 million, or $1.36 per basic share ($1.32 per diluted share), respectively, for the second quarter and first half of 1998.

Liquidity and Capital Resources

Liquidity - The Company's primary sources of liquidity are cash provided by operating activities and external borrowings. As of June 27, 1999, ACC had working capital of $141.3 million, and its cash position was $215.4 million compared to $160.0 million as of December 27, 1998. In addition to its cash resources, ACC had short-term, highly liquid investments of $31.0 million at June 27, 1999, compared to $96.2 million at December 27, 1998. ACC also had $26.4 million of marketable securities with maturities exceeding one year at June 27, 1999, compared to $31.4 million at December 27, 1998. The Company believes that cash flows from operations and short-term borrowings will be sufficient to meet its ongoing operating requirements, scheduled principal and interest payments on indebtedness, dividend payments, anticipated capital expenditures and potential repurchases of its common stock under the previously-announced stock repurchase plan.

Operating activities - Net cash provided by operating activities has remained relatively consistent at $96.0 million for the first half of 1999 compared to $95.7 million for the first half of 1998. This is primarily due to fluctuations in operating activities that offset each other. Operating cash decreased $48-million as a result of the contribution made to the Company's defined benefit pension plan in January 1999, which is reflected in Other assets on the balance sheet. This contribution was made as a result of benefit improvements to the Company's defined benefit pension plan, which were effective July 1, 1999, and resulted in an increase to the projected benefit obligation of approximately $48 million. The decrease in operating cash due to the pension contribution was offset by working capital changes and an increase to depreciation and amortization. The fluctuations in working capital changes are primarily due to increased operating activity and timing of payments between the two years. Depreciation and amortization has increased over the same period of 1998 mainly due to an increase in capitalized assets in the current year.

Investing activities - During the first six months of 1999, ACC received $0.1 million on net investing activities compared to spending $10.2 million for the first six months of 1998. The net impact of ACC's marketable investment activities was a cash inflow of $69.8 million during the first half of 1999, compared to an inflow of $22.2 million during the same period of 1998. This increase is mainly due to a larger balance of securities maturing in the first half of 1999 compared to the same period in 1998. Capital expenditures increased to $79.3 million for the six months ended June 27, 1999, from $37.4 million a year earlier. The increased capital spending during the first half of 1999 compared to the same period in 1998 is primarily due to increased spending on information technology upgrades, packaging capacity and investments by Coors-owned distributors in non-Coors brands. ACC received $8.5 million in distributions from joint ventures during the first half of 1999, compared to $5.0 million during the same period of 1998.

Financing activities - ACC spent $40.5 million on financing activities during the six months ended June 27, 1999, compared to $61.3 million in 1998. Cash use was similar in both 1999 and 1998. The 1999 uses were primarily for principal payments on debt of $25 million, purchases of $13.3 million of Class B common stock under the stock repurchase program and dividend payments of $11.6 million.

Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995

This report contains "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements may include, among others, statements concerning the Company's outlook for 1999; overall volume trends; pricing trends and industry forces; cost reduction strategies and their results; the Company's expectations for funding its 1999 capital expenditures and operations; the Company's expectations for funding expenditures on computer software to make it compliant with Year 2000; and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements.

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

- the inability of the Company and its distributors to develop and execute effective marketing and sales strategies for Coors and non-Coors products;

- the potential erosion of sales revenues through discounting or a higher proportion of sales in value-packs;

- a potential shift in consumer preferences toward lower-priced products;

- a continued shift in consumer preferences away from products packaged in aluminum cans, which are more profitable, toward bottled products;

- a potential shift in consumer preferences towards products and packages that would require additional capacity;

- the potential reduction in sales revenues due to decreases in sales volumes in certain key domestic and export markets;

- the intensely competitive, slow-growth nature of the beer industry;

- demographic trends and social attitudes that can reduce beer sales;

- the continued growth in the popularity of imports and other specialty beers;

- increases in the cost of aluminum, paper packaging and other raw materials;

- a continued shift in the competitive environment towards increased marketing and advertising spending and significant increases in the costs of marketing and advertising;

- the Company's inability to reduce manufacturing, freight and overhead costs to more competitive levels;

- changes in significant laws and government regulations affecting environmental compliance and income taxes;

- the inability to achieve targeted improvements in CBC's distribution system;

- the imposition of restrictions on advertising (e.g., media, outdoor ads or sponsorships);

- labor issues, including union activities that could require a substantial increase in cost of goods sold or lead to a strike;

- significant increases in federal, state or local beer or other excise taxes;

- increases in rail transportation rates or interruptions of rail service;

- the potential impact of further industry consolidation and the change in the competitive environment given the sale of Stroh;

- the impact on CBC's distribution system of the acquisition of Stroh and Pabst brands by Miller;

- risks associated with investments and operations in foreign countries, including those related to foreign regulatory requirements; exchange rate fluctuations; and local political, social and economic factors;

- significant increases in the estimated costs of the Year 2000 project and/or planned capital expenditures; and

- the risk that computer systems of the Company or its significant suppliers or customers may not be Year 2000 compliant.

These and other risks and uncertainties affecting the Company are discussed in greater detail in the Company's 1998 Form 10-K filed with the Securities and Exchange Commission.

Outlook

The Company's performance in the first six months of 1999 benefited from export volume gains. The Company experienced a decrease in sales volume in a few key domestic markets during the first quarter of 1999. The domestic volume trends improved in the second quarter, resulting in an overall gain in domestic volume for the first half of 1999. Both the export and domestic volume gains are expected to continue throughout 1999, although not necessarily at the same rates experienced in the first half of 1999. The pricing environment is expected to continue to be favorable in comparison to the past few years. Continuing value-pack activity or an increase in price discounting could have an unfavorable impact on top-line performance due to lower margins.

For fiscal year 1999, product, packaging and fixed costs per barrel are expected to be up slightly due to a shift in product demand to higher-cost products and packages, while freight costs are expected to be down slightly. Significant changes in market prices of these items could alter this outlook. CBC continues to pursue improvements in its operations and technology functions to achieve cost reductions over time.

Marketing, general and administrative costs are expected to increase at a rate slightly higher than the 1998 increase. Management continues to monitor CBC's market opportunities and to invest behind its brands and sales efforts accordingly. Incremental sales and marketing spending will be determined on an opportunity-by-opportunity basis. The competitive battleground has shifted to marketing and advertising, which may result in the incremental revenue generated by price increases being spent on advertising.

See the item titled Year 2000 under Contingencies, below, for a discussion of the expected financial impact of this issue.

Net interest should continue its favorable trends based on CBC's lower outstanding debt relative to 1998. Net interest could be less favorable than expected if the Company invests a substantial portion of its cash balances in operating related assets or investments with longer-term returns. Also, cash may be used to repurchase additional outstanding common stock as approved by the ACC board of directors in November 1998.

The effective tax rate for the rest of 1999 is not expected to differ significantly from the rate applied to income during the first six months of the year. The level and mix of pretax income for 1999 could affect the actual rate for the year.

Recently, there has been a rapid expansion in market place demand for longneck bottles and value-packs. To effectively meet the increasing demand for these packages, the Board of Directors approved, in May 1999, incremental capital spending of $30 to $45 million, (including contributions to its container joint ventures for capital improvements, which will be recorded on the books of the joint ventures) increasing the Company's capital spending plan for 1999 to a range of $120 to $135 million. In addition to CBC's 1999 planned capital expenditures, incremental strategic investments will be considered on a case- by-case basis.

Contingencies

Year 2000 - Some computers, software and other equipment include programming code in which calendar year data is abbreviated to only two digits. As a result of this design decision, some of these systems could fail to operate or fail to produce correct results if '00' is interpreted to mean 1900, rather than 2000. These problems are widely expected to increase in frequency and severity as the Year 2000 approaches.

ACC recognizes the need to ensure that its operations will not be adversely impacted by Year 2000 software failures. The Company is addressing this issue to ensure the availability and integrity of its financial systems and the reliability of its operational systems. ACC has established processes for evaluating and managing the risks and costs associated with the Year 2000 problem. This project has two major elements -- Application Remediation and Extended Enterprise (third-party suppliers, customers and others).

As of June 27, 1999, the Application Remediation element is on schedule, with 100% of the analysis completed, 99% of the remediation completed and 87% of the testing completed. The remediation of all but one system considered critical to ACC's business has been completed. The remediation of this remaining one critical system will be completed in early September 1999. Remediation of non-critical systems is planned to be completed by September 1999.

The Extended Enterprise element consists of the evaluation of third-party suppliers, customers, joint venture partners, transportation carriers and others. Detailed evaluations of the most critical third parties have been completed.

The Company has made and will continue to make certain investments in its information systems and applications to ensure that they are Year 2000 compliant. These investments also include hardware and operating systems software, which have been completed and tested. The financial impact to ACC is anticipated to be in the range of approximately $12 million to $15 million for 1999. The anticipated expenditures in 2000 are minimal. As the Year 2000 expenditures decrease, some of these resources will likely be used for other investments and will not directly increase net income in future years. The total amount expended on the Year 2000 project through June 27, 1999, was approximately $31.5 million.

The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect the Company's results of operations, liquidity and financial condition. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third-party suppliers, customers and others, the Company is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on its results of operations, liquidity or financial condition. The efforts undertaken with the Company's Year 2000 project are expected to significantly reduce ACC's level of uncertainty about the Year 2000 problem and provide greater assurance about the Year 2000 readiness of its Extended Enterprise.

Contingency planning for the Application Remediation and the Extended Enterprise elements began in October 1998, with initial plans completed in March 1999. The Company will continue to review these contingency plans throughout the year. The Company will monitor third-party distributors for Year 2000 readiness and will develop a contingency plan if a distributor is deemed critical to the Company's operations.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

In the normal course of business, the Company is exposed to interest rates, foreign currency exchange rates and commodity prices through investments and financing arrangements, sales to foreign customers, purchases from foreign suppliers and the acquisition of production and packaging materials from both domestic and foreign suppliers. The Company has established policies and procedures that govern the management of these exposures through the use of a variety of financial instruments. The Company employs various financial instruments including forward exchange contracts, options and swap agreements to manage certain of the exposures that it considers practical to do so. By policy, the Company does not enter into such contracts for the purpose of speculation or use leveraged financial instruments.

The Company's objective in managing its exposure to fluctuations in interest rates, foreign currency exchange rates and commodity prices is to decrease the volatility of earnings and cash flows associated with changes in the corresponding rates and prices. The Company does not hedge the value of net investments in foreign-currency-denominated operations and translated earnings of foreign subsidiaries. The Company's primary foreign currency exposures are the Canadian dollar, the Japanese yen and the Spanish peseta.

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

The following table presents the results of the sensitivity analysis of the Company's derivative portfolio:

Estimated Fair Value Volatility	As of June 27, 1999 (In millions)
Foreign Currency Risk: Forwards, Options	(3.3)
Interest Rate Risk: Swaps	(3.1)
Commodity Price Risk: Swaps	(5.0)

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

No significant legal proceedings.

Item 5. Other Information

Adolph Coors Company (the Company) has withdrawn from the bidding process for the purchase of Jinro-Coors Brewing Company (JCBC) in South Korea. Pursuant to a Korean bankruptcy court auction for the sale of JCBC, the Company previously submitted a bid to purchase JCBC by the June 25, 1999 bidding deadline. However, the Company learned that another bidder, Oriental Brewery Co., submitted a second bid package three days after the bidding deadline. Creditors of JCBC decided to cancel the first auction and hold a new one. The Company filed an application for an injunction to prevent the new auction. A ruling by the Chongju District Court, in the provincial city of Chongju, South Korea, on July 29, 1999 denied the injunction. Because the Company believes the integrity of the process has been compromised, it decided not to participate in the second auction. The Company has appealed the bankruptcy court's decision. A ruling on the appeal is expected in due course.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None.

(b) Reports on Form 8-K

None.

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

ADOLPH COORS COMPANY

By /s/ Olivia M. Thompson

Olivia M. Thompson
Vice President, Controller
(Principal Accounting Officer)

August 11, 1999

ARTICLE 5

CIK: 0000024545

NAME: ADOLPH COORS COMPANY

MULTIPLIER: 1000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 26 1999
PERIOD START	DEC 28 1998
PERIOD END	JUN 27 1999
CASH	215405
SECURITIES	31038
RECEIVABLES	190652
ALLOWANCES	0
INVENTORY	94894
CURRENT ASSETS	605399
PP&E	721809
DEPRECIATION	0
TOTAL ASSETS	1578795
CURRENT LIABILITIES	464109
BONDS	105000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9716
OTHER SE	8809098
TOTAL LIABILITY AND EQUITY	1578795
SALES	1216525
TOTAL REVENUES	1015430
CGS	587602
TOTAL COSTS	923598
OTHER EXPENSES	(3209)
LOSS PROVISION	0
INTEREST EXPENSE	0
INCOME PRETAX	95041
INCOME TAX	36828
INCOME CONTINUING	58213
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	58213
EPS BASIC	1.59
EPS DILUTED	1.55

End of Filing