

# MOLSON COORS BREWING CO

## FORM 10-K405

(Annual Report (Regulation S-K, item 405))

Filed 4/2/2001 For Period Ending 12/31/2000

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

Washington, D.C. 20549

# FORM 10-K

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

For the fiscal year ended December 31, 2000

OR

o 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 (I.R.S. Employer Identification No.)  
incorporation or organization)

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 |
|--|---|
| Class B Common Stock (non-voting),<br>no par value | New York Stock Exchange                   |

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

None  
(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 15, 2001:

Class A Common Stock - 1,260,000 shares Class B Common Stock - 36,090,195 shares

## PART I

### ITEM 1. Business

#### (a) General Development of Business

We are the third largest producer of beer in the United States and, since our founding in 1873, we have been committed to producing the highest quality beers. Our portfolio of brands is designed to appeal to a wide range of consumer taste, style and price preferences. Our beverages are sold throughout the United States and in select international markets.

## Recent General Business Developments

In January 2001, we entered into a joint venture partnership agreement with Molson, Inc. and paid \$65 million for our 49.9% interest in the joint venture. The joint venture, Molson USA, LLC, has been formed to import, market, sell and distribute Molson's brands of beer in the United States. Under the agreement, the joint venture owns the exclusive right to import Molson brands into the United States, including Molson Canadian, Molson Golden and Molson Ice. Additionally, any Molson brands that may be developed in the future for import into the United States will be covered under the agreement. We will be responsible for the sales of these brands. Production of these brands will be handled in Canada by Molson, and marketing of these brands will be managed by the joint venture.

In January 1998, we began a partnership arrangement with Molson, Inc. in Canada for the purpose of distributing Coors products in Canada. We own 50.1% of this partnership through our 100% ownership of Coors Canada, Inc. See further discussion of our Canadian business under section (c), Narrative Description of Business. In December 2000, we made certain changes to the Canadian partnership arrangement. Also in December 2000, we entered into a brewing and packaging arrangement with Molson in which we will have access to some of Molson's available production capacity in Canada. The Molson capacity available to us under this arrangement is expected to reach an annual contract brewing rate of up to 500,000 barrels over the next few years.

In the second quarter of 2000, we made the decision to close our brewery in Zaragoza, Spain, and sales operation in Madrid, Spain. The brewery was acquired in March 1994 and provided services for the production and sales to unaffiliated distributors for Coors products in Spain and certain European markets outside of Spain. The decision to close the Spain operations came as a result of various analyses we performed which focused on the potential for improved distribution channels, the viability of Coors brands in the Spain market and additional contract brewing opportunities. These analyses conclusively demonstrated that our Spanish operations were not viable. As a result of our decision to close the brewery, we incurred a total charge of approximately \$20.6 million in 2000, approximately \$11.3 million for severance and other related closure costs, approximately \$4.9 million for a fixed asset impairment charge and approximately \$4.4 million for the write-off of our cumulative translation adjustments previously charged to equity related to our Spain operations.

Some of the following statements describe our expectations of future products and business plans, financial results, performance and events. Actual results may differ materially from these forward-looking statements. Please see Item 7, Management's Discussion and Analysis - Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995 for factors that may negatively impact our performance.

### (b) Financial Information About Industry Segments

We have one reporting segment, which is focused on the continuing operations of producing, marketing and selling malt-based beverages. See Item 8, Financial Statements and Supplementary Data, for financial information relating to our operations.

### (c) Narrative Description of Business

#### Coors Brewing Company - General

We produce, market and sell high-quality malt-based beverages. Our portfolio of brands is designed to appeal to a wide range of consumer taste, style and price preferences. Our beverages are sold throughout the United States and in select international markets. Coors Light® has accounted for more than 70% of our sales volume in each of the last three years. Premium and above-premium products accounted for more than 85% of our total sales volume in each of the last three years. Most of our sales are in U.S. markets; however, we are committed to building profitable sales in international markets. Our goal is to continue growing our business and increasing our profitability, both domestically and internationally, by focusing on the following six key strategies:

- producing the highest quality products;
- focusing on high-growth, high-margin segments;
- investing in high-potential markets and brands;
- improving our wholesale distribution network;
- building organizational excellence and improving our cost structure and efficiencies; and
- pursuing strategic opportunities.

Our sales of malt beverages totaled 23.0 million barrels in 2000, 22.0 million barrels in 1999 and 21.2 million barrels in 1998. The barrel sales figures for each year do not include barrel sales of a non-consolidated joint venture. An additional 1.2 million, 1.0 million and 0.9 million barrels were sold by this non-consolidated entity in 2000, 1999 and 1998, respectively. See Item 7, Management's Discussion and Analysis, for discussion of changes in volume.

## **Our Products**

Our product portfolio includes 12 brands, including Coors Light, a premium beer, which is our top-selling brand. Our other premium beers include Original Coors and Coors Non-Alcoholic. We also offer a selection of above-premium beers including George Killian's Irish Red T Lager, Blue Moon Belgian White Ale and Winterfest, a specialty beer offered seasonally. In addition, we offer Zimar and Zimar Citrus, alternative malt-based beverages that are light and refreshing. We also compete in the lower-priced segment of the beer market, called the popular-priced segment, with Coors Extra Gold and our Keystone family of beers - Keystone Premium, Keystone Light and Keystone Ice.

In 2001, an additional brand, Coors Dry, will be phased out because of greater opportunities posed by emphasis and focus on our other brands.

We own and operate The SandLot Brewery at Coors Field ballpark in Denver, Colorado. This brewery, which is open year-round, makes a variety of specialty beers and has an annual capacity of approximately 4,000 barrels.

## **Sales and Distribution**

By federal law, beer must be distributed in the United States through a three-tier system consisting of manufacturers, distributors and retailers. A national network of 517 distributors currently delivers our products to U.S. retail markets. Of these, 511 are independent businesses and the other six are owned and operated by one of our subsidiaries. Some distributors operate multiple branches, bringing the total number of U.S. distributor and branch locations to 571 for the year ended December 31, 2000. As a result of our new joint venture with Molson, we have an additional 350-400 domestic distributors that distribute Molson brands within the United States. Additional independent distributors deliver our products to some international markets under licensing and distribution agreements.

We establish standards and monitor distributors' methods of handling our products to ensure the highest product quality and freshness. Monitoring ensures adherence to proper refrigeration and rotation guidelines for our products at both wholesale and retail locations. Distributors are required to remove our products from retailer outlets if they have not sold within a certain period of time.

Our highest volume states are California, Texas, Pennsylvania, New York and New Jersey, which together comprised 45% of our total domestic volume in 2000.

We have approximately 350 full-time salespeople throughout the United States. Our salespeople work closely with our distributors to assure that they focus appropriately on our product and to assist them in implementing industry best practices to improve efficiency and performance. Our sales function is organized into two regions that manage a total of six geographic field business areas responsible for overseeing domestic sales. We believe this structure enables our salespeople to better anticipate wholesaler and consumer needs and to respond to those needs locally, with greater speed.

In addition, we have a team of category managers responsible for assisting leading U.S. retailers, such as large supermarket chains, with managing their beer offerings. Our category managers work with retailers to enhance overall beer sales through optimizing space allocation, merchandising displays, promotional campaigns and product distribution throughout the retailer's chain. We believe that our success in category management enhances our competitive position.

## **Manufacturing, Production and Packaging**

### **Brewing Process and Raw Materials**

Our ingredients and brewing process make our Rocky Mountain-style beers unlike any other beers in the world. We also use unique packaging materials developed to accommodate our cold shipping method.

We use all-natural ingredients to produce high quality beers. We adhere to strict formulation and quality standards in selecting our raw materials. We believe we have sufficient access to raw materials to meet our quality and production requirements.

Barley is the fundamental ingredient in beer. Barley is so important to the quality and taste of our products that we started developing our own strains of barley in 1937. We use proprietary strains of barley, developed by our own barley breeders and agronomists, in most of our malt beverages. Virtually all of this barley is grown on irrigated farmland in the western United States under contracts with area growers. The growers use only the proprietary barley seed developed by us to produce our malting barley. We are the only major brewer in the United States to exclusively use two-row barley rather than six-row barley generally used by other brewers. Two-row barley allows the seed ample room to grow and develop, which we believe produces a more consistent, higher-quality crop and better tasting beer.

Barley must be malted to produce beer. Our malting facility in Golden produces approximately 90% of all of our malt requirements. We also have our own barley malted by third parties under contract. We maintain inventory levels in facilities that we own. Our inventories are sufficient to continue production in the event of any foreseeable disruption in barley supply and usually exceed a 14-month supply.

We use naturally filtered water from underground aquifers to brew malt beverages at our Golden facility. Water quality and composition have been primary factors in all facility site selections. Water from our sources contains minerals that help brew high-quality malt beverages.

We continually monitor the quality of the water used in our brewing and blending processes for compliance with our own stringent quality standards, which exceed federal and state water standards. We own water rights that we believe are more than sufficient to meet all of our present and foreseeable requirements for both brewing and industrial uses. We acquire water rights, as appropriate, to provide flexibility for long-term strategic growth needs and also to sustain brewing operations in case of a prolonged drought.

We take an average of 55 days-significantly longer than our major competitors-to brew, age, finish and package our beers. Although our brewing process takes longer, we believe it creates a smoother, more drinkable product. We were the first brewer to introduce a cold-filter process to preserve taste. We keep the product cold from the brewhouse through packaging to retail by using insulated containers for transport and requiring our distributors to hold our products in temperature-controlled warehouses. Keeping our beers cold extends their freshness.

### **Brewing and Packaging Facilities**

We have three domestic production facilities. We own and operate the world's largest single-site brewery in Golden, Colorado. In addition, we own and operate a packaging and brewing facility in Memphis, Tennessee, and a packaging facility located in the Shenandoah Valley in Virginia.

We brew Coors Light, Original Coors, Coors Extra Gold, Killian's and the Keystone brands in Golden. Approximately 62% of our beer volume brewed in Golden is also packaged in Golden. The remainder is shipped in bulk from the Golden brewery to either our Memphis facility or to our Shenandoah facility for packaging.

The Memphis facility packages all products exported from the United States. It also brews and packages our Zima, Zima Citrus, Coors Non-Alcoholic and Blue Moon brands.

Our Shenandoah facility packages Coors Light, Keystone Light and a small portion of Killian's volume for distribution to eastern U.S. markets.

To support the growth of our brands, we intend to increase our capital expenditures to expand our brewing and packaging capacity. In particular, beginning in 2001, we will be adding an additional bottle line to our Shenandoah facility to meet growing demand and to lower our production and distribution costs to markets in the northeastern United States. We are improving manufacturing processes in Golden to increase brewing and packaging capacity in our largest facility. We also anticipate that increased output from our Memphis facility will be an important part of our long-term capacity plan. Please see Item 7, Management's Discussion and Analysis - Liquidity and Capital Resources for more information about our planned capital expenditures.

Most of our glass bottle and aluminum can and end requirements are produced in facilities that either we own or are operated by joint ventures in which we are a partner.

### **Energy**

We purchase electricity and steam for our Golden manufacturing facilities from Trigen-Nations Energy Corporation, L.L.P. (Trigen). Coors Energy Company, our wholly owned subsidiary, buys coal which it sells to Trigen for Trigen's steam generator system and purchases gas for our Shenandoah and Golden operations.

### **Packaging Materials**

Slightly less than 60% of our products were packaged in aluminum cans in 2000. In 1994, Coors and American National Can Company formed a joint venture to produce beverage cans and ends at our manufacturing facilities. These cans and ends are for sale to our brewery and to outside customers. The joint venture's initial term is seven years and can be extended for two additional three-year terms. We have notified American National Can of our intent to terminate the joint venture in October of 2001. We are evaluating other alternatives, including possibly a new arrangement with Rexam LLC, who acquired American National Can in 2000. We own the can manufacturing facility, which produced approximately 4.0 billion aluminum cans in 2000. We also own a manufacturing facility that provides our aluminum ends and tabs. In 2000, we purchased most of our cans and ends from the joint venture with American National Can, and we purchased all of the cans produced by the joint venture. We purchased certain specialized cans and some cans for products packaged at our Memphis and Shenandoah plants directly from outside suppliers, including American National Can and Rexam LLC.

We used glass bottles for approximately 29% of our products in 2000. Owens- Brockway Glass Container, Inc. and Coors operate a joint venture, the Rocky Mountain Bottle Company, to produce glass bottles at our glass manufacturing facility. The initial term of the joint venture lasts until 2005 and can be extended for additional two-year periods. In 2000, Rocky Mountain Bottle Company produced approximately 1.1 billion bottles, and we purchased virtually all of these bottles. This fulfilled about half of our bottle requirements in 2000. Owens has a contract to supply bottles for our bottle requirements that are not met by Rocky Mountain Bottle Company, and we acquired the remaining bottles from Owens.

We have arranged for sufficient container supplies with our joint venture partners.

The remaining 11% of the volume we sold in 2000 was packaged in quarter- and half-barrel stainless steel kegs purchased from third-party

suppliers.

We purchase most of our paperboard and label packaging from Graphic Packaging Corporation. These products include paperboard, multi-can pack wrappers, bottle labels and other secondary packaging supplies. Graphic Packaging supplies some unique packaging to us that, we believe, is not currently produced by any other supplier. Our agreement with Graphic Packaging expires in 2002. William K. Coors and Peter H. Coors serve as co-trustees of a number of Coors family trusts that collectively control Graphic Packaging. Please read Item 13, Certain Relationships and Related Transactions, for more information regarding Graphic Packaging.

## **Product Shipment**

We must ship our products greater distances than most of our competitors. By packaging some of our products in our Memphis and Shenandoah facilities, we reduce freight costs to certain markets.

In 2000, approximately 65% of our products were shipped by truck and intermodal directly to distributors or to our satellite redistribution centers. Transportation vehicles are refrigerated or properly insulated to keep our malt beverages at required temperatures while in transit. In 2000, we transported the remaining 35% of the products packaged at our production facilities by railcar to either satellite redistribution centers or directly to distributors throughout the country. Railcars assigned to us are specially built and insulated to keep Coors products cold en route.

At December 31, 2000 we had 11 strategically located satellite redistribution centers, which we use to receive product from production facilities and to prepare shipments to distributors. In 2000, approximately 58% of packaged products were shipped directly to distributors and 42% moved through the satellite redistribution centers.

## **International Business**

We market our products to select international markets and to U.S. military bases worldwide.

### **Canada**

Coors Canada, a partnership between Molson and ourselves, markets Coors Light in Canada. Coors Canada is owned 50.1% by us and 49.9% by Molson. The partnership contracts with a Molson subsidiary for the brewing, distribution and sale of products. It manages all marketing activities for Coors products in Canada. Currently, Coors Light has a market share of more than 6% and is now the number one light beer - and the number four beer brand overall - in Canada. See also Item 1, General Development of Business, for recent amendments in our partnership agreement between Coors Canada and Molson.

### **Puerto Rico and the Caribbean**

In Puerto Rico, we market and sell Coors Light to an independent local distributor. A local team of Coors employees manages marketing and promotional efforts in this market. Coors Light is the number-one brand in the Puerto Rico market with more than a 50% market share in 2000.

We also sell products in several other Caribbean markets, including the U.S. Virgin Islands, through local distributors.

### **Europe**

In Europe, we currently focus our efforts on Ireland and Northern Ireland, where we market the Coors Light brand. Additionally, we are currently testing Coors Light in Scotland, and we will assess the feasibility of expanding to the balance of the United Kingdom.

During the fourth quarter of 2000, we closed our brewery and commercial operations in Spain. This brewery produced beer for Spain and other European markets. Beginning in late 2000, we began sourcing beer for our remaining European markets from our Memphis plant. The beer is then packaged for distribution under contract in the United Kingdom by Thomas Hardy.

### **Japan**

Coors Japan Company, Ltd., our Tokyo-based subsidiary, is the exclusive importer and marketer of Coors products in Japan. The Japanese business is currently focused on Zima and Original Coors. Coors Japan sells Coors products to independent distributors in Japan.

### **China**

In China, we currently market Original Coors beer under a licensing arrangement with Carlsberg-Guangdong. The arrangement is focused on select cities and under this arrangement, we maintain representative offices that oversee the marketing of our products in China.

## **Seasonality of the Business**

The beer industry is subject to seasonal sales fluctuation. Our sales volumes are normally at their lowest in the first and fourth quarters and highest in the second and third quarters. Our fiscal year is a 52- or 53- week year that ends on the last Sunday in December. The 2000 fiscal year was 53 weeks, while the 1999 and 1998 fiscal years were both 52 weeks.

## **Research and Development**

Our research and development activities relate primarily to creating and improving products and packages. These activities are designed to refine the quality and value of our products and to reduce costs through more efficient processing and packaging techniques, equipment design and improved raw materials. We spent approximately \$15.9 million, \$15.5 million and \$15.2 million for research and development in 2000, 1999 and 1998, respectively. We expect to spend approximately \$16.0 million on research and product development in 2001.

To support new product development, we maintain a fully equipped pilot brewery within the Golden facility. This facility has a 6,500 barrel annual capacity and enables us to brew small batches of innovative products without interrupting ongoing operations in the main brewery.

## **Intellectual Property**

We own trademarks on the majority of the brands we produce and we have licenses for the remainder. We also hold several patents on innovative processes related to product formulae, can making, can decorating and certain other technical operations. These patents have expiration dates ranging from 2001 to 2019. In addition, we have several design patents for innovative packaging.

## **Regulation**

Our business is highly regulated by federal, state and local government entities. These regulations govern many parts of our operations, including brewing, marketing, advertising, transportation, distributor relationships, sales and environmental impact. To operate our facilities, we must obtain and maintain numerous permits, licenses and approvals from various governmental agencies, including the U.S. Treasury Department; Bureau of Alcohol, Tobacco and Firearms; the U.S. Department of Agriculture; the U.S. Food and Drug Administration, state alcohol regulatory agencies as well as state and federal environmental agencies. Internationally, our business is also subject to regulations and restrictions imposed by the laws of the foreign jurisdictions in which we sell our products.

Governmental entities also levy taxes and may require bonds to ensure compliance with applicable laws and regulations. Federal excise taxes on malt beverages are currently \$18 per barrel. State excise taxes also are levied at rates that ranged in 2000 from a high of \$32.65 per barrel in Alabama to a low of \$0.62 per barrel in Wyoming, with an average of \$7.91 per barrel. In 2000, we incurred approximately \$427 million in federal and state excise taxes. We are aware that from time to time Congress and state legislatures consider various proposals to increase or decrease excise taxes on the production and sale of alcoholic beverages, including beer. The last significant increase in federal excise taxes on beer was in 1991 when excise taxes on beer doubled.

## **Environmental Matters**

We are subject to the requirements of federal, state, local and foreign environmental and occupational health and safety laws and regulations. Compliance with these laws and regulations did not materially affect our 2000 capital expenditures, earnings or competitive position, and we do not anticipate that they will do so in 2001.

We are also required to obtain environmental permits from governmental authorities for certain of our operations. We cannot assure you that we have been or will be at all times in complete compliance with, or have obtained, all such permits. These authorities can modify or revoke our permits and can enforce compliance through fines and injunctions. To the best of our knowledge, we are not in violation of any of our permits and, we believe, we have obtained all necessary permits.

We continue to promote the efficient use of resources, waste reduction and pollution prevention. Programs currently under way include recycling bottles and cans and, where practical, increasing the recycled content of product packaging materials, paper and other supplies.

See also Item 7, Management's Discussion and Analysis - Contingencies, for additional discussion of our environmental contingencies.

## **Employees and Employee Relations**

We have approximately 5,850 full-time employees. Memphis plant workers, who comprise about 8% of our total work force, are represented by the Teamsters and are the only significant employee group at any of our three domestic production facilities that has union representation. This union contract expires in 2001. We believe our people are key to our success and that relations with our employees are good.

## **Competitive Conditions**

Known trends and competitive conditions: Industry and competitive information was compiled from various industry sources, including beverage analyst reports, Beer Marketer's Insights, Impact Databank and The Beer Institute. While management believes that these sources are reliable, we cannot guarantee the complete accuracy of these numbers and estimates.

2000 industry overview: The beer industry in the United States is extremely competitive. Industry volume growth has averaged less than 1% annually since 1991. Therefore, growing, even maintaining, market share requires substantial and consistent investments in marketing and sales. In a very competitive year, 2000 saw domestic beer industry shipments increase less than 1%, after growing 1.2% in 1999. In recent years, brewers have focused on marketing, promotions and innovative packaging in an effort to gain market share and less on price discounting strategies.

The industry's pricing environment continued to be positive in 2000, with the announcement of modest price increases on specific packages in select markets. As a result, revenue per barrel improved for major U.S. brewers during the year. However, consumer demand continued to shift away from short bottles and toward longneck bottles, which cost significantly more to make and ship than short bottles. In addition, many raw material prices increased in 2000, including aluminum, glass and fuel. In 2000, a significant portion of our incremental gross profit generated by volume growth and price increases was reinvested in packaging materials, as well as in additional marketing and sales activities.

A number of important trends continued in the U.S. beer market in 2000. The first was a trend toward lighter, more-refreshing beers. The largest beer brands that grew in the U.S. market were again American-style light lagers, such as Coors Light. More than 80% of our annual unit volume in 2000 was in light beers. The second trend was toward "trading up," as consumers continue to move away from lower-priced brands to higher-priced brands, including imports. Import beer shipments rose more than 10% in 2000. The industry sales trends toward lighter, more-upscale beers play to our strengths.

The U.S. brewing industry has experienced significant consolidation in the past several years which has removed excess capacity. Several competitors have exited the beer business, sold brands, or closed inefficient, outdated brewing facilities. The beer industry is also consolidating at the wholesaler level, a trend that continued in 2000 and generally improves economics for the combining wholesalers and their suppliers.

U.S. demographics continued to improve for the beer industry, with the number of consumers reaching legal drinking age continuing to increase in 2000, according to U.S. Census Bureau assessments and projections. These same projections anticipate that the 21-24 age group will continue to grow for virtually this entire decade. This trend is important to the beer industry because young adult males tend to consume more beer per capita than other demographic groups.

Our competitive position: Our malt beverages compete with numerous above- premium, premium, low-calorie, popular-priced, non-alcoholic and imported brands. These competing brands are produced by national, regional, local and international brewers. In 2000, approximately 80% of U.S. beer shipments were attributable to the top three domestic brewers: Anheuser- Busch, Inc.; Philip Morris, Inc., through its subsidiary Miller Brewing Company; and Coors Brewing Company. We compete most directly with Anheuser and Miller, the dominant companies in the U.S. industry. We are the nation's third-largest brewer and, according to Beer Marketer's Insights estimates, we represented approximately 11.1% of the total 2000 U.S. brewing industry shipments of malt beverages (including exports and U.S. shipments of imports). This compares to Anheuser's 48.3% share and Miller's 20.6% share.

Our beer shipments to wholesalers increased 4.7% in 2000, representing the fourth consecutive year that our shipments have outpaced industry growth by 2 percentage points or more. By comparison, Anheuser's shipments increased 2.7% in 2000 and Miller's declined 2.6%, due in part to reductions in distributor inventories. More than 85% of our unit volume was in the premium and above-premium price categories, the highest proportion among the largest domestic brewers. This product mix compares to 77% premium-and- above volume for Anheuser and 61% for Miller.

We continue to face significant competitive disadvantages related to economies of scale. Besides lower transportation costs achieved by competitors with multiple breweries, these larger brewers also benefit from economies of scale in advertising spending because of their greater unit sales volumes. In an effort to achieve and maintain national advertising exposure and grow our U.S. market share, we generally spend substantially more to market our beer, per barrel, than our major competitors.

Although our results are primarily driven by U.S. sales, international operations have increased in importance in recent years, including Canada, where Coors Light is the number one light beer.

(d) Financial Information About Foreign and Domestic Operations and Export Sales

See Item 8, Financial Statements and Supplementary Data, for discussion of sales, operating income and identifiable assets attributable to our country of domicile, the United States, and all foreign countries.

ITEM 2. Properties

Our major facilities are:

| Facility           | Location                | Product                                |
|--------------------|-------------------------|--|
| Brewery/packaging  | Golden, CO              | Malt beverages/packaged malt beverages |
| Packaging          | Elkton, VA (Shenandoah) | Packaged malt beverages                |
| Brewery/packaging  | Memphis, TN             | Malt beverages/packaged malt beverages |
| Can and end plants | Golden, CO              | Aluminum cans and ends                 |



|  |   |                                 |
|--|---|---------------------------------|
| Bottle plant<br>Distribution warehouse<br>distribution | Wheat Ridge, CO<br>Anaheim, CA  | Glass bottles<br>Wholesale beer |
|  | Meridian, ID<br>Denver, CO<br>Oklahoma City, OK<br>San Bernardino, CA<br>Glenwood Springs, CO |                                 |

In 2000, we closed our Zaragoza, Spain, facility, which had both brewing and packaging operations. See discussion of our closure in Item 7, Management's Discussion and Analysis. We own all of our facilities except our San Bernardino, California, and Glenwood Springs, Colorado, distribution warehouses.

We own approximately 2,400 acres of land in Golden, Colorado, which include brewing, packaging, can manufacturing and related facilities, as well as gravel deposits and water storage facilities. We own 2,700 acres of land in Rockingham County, Virginia, where the Shenandoah facility is located, and 132 acres in Shelby County, Tennessee, where the Memphis facility is located.

We own waste treatment facilities in Golden and Shenandoah that process waste from our manufacturing operations. The Golden facility also processes waste from the City of Golden.

We believe that all of our facilities are well maintained and suitable for their respective operations.

In 2000, our brewing facilities operated at an estimated annual average of approximately 87% of capacity, and our packaging facilities operated at an estimated annual average of approximately 87% of capacity. Annual production capacity varies due to product and packaging mix, product sourcing and seasonality. During the peak season, our capacities were fully utilized with current mix and sourcing.

### ITEM 3. Legal Proceedings

See the Environmental section of Item 7, Management's Discussion and Analysis, for a discussion of our obligation for potential remediation costs at the Lowry Landfill Superfund site and other legal proceedings.

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

None.

## PART II

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

#### Matters

Our Class B common stock has traded on the New York Stock Exchange since March 11, 1999, under the symbol "RKY" and prior to that was quoted on the NASDAQ National Market under the symbol "ACCOB."

The approximate number of record security holders by class of stock at March 15, 2001, is as follows:

| Title of class                                    | Number of record security holders                                   |
|---|---|
| Class A common stock, voting,<br>\$1 par value    | All shares of this class are<br>held by the Adolph Coors, Jr. Trust |
| Class B common stock, non-voting,<br>no par value | 2,921   |
| Preferred stock, non-voting,<br>\$1 par value     | None issued   |

The following table sets forth the high and low sales prices per share of our Class B common stock as reported by the New York Stock Exchange for the periods after March 10, 1999, and as reported on the NASDAQ National Market for the periods prior to March 11, 1999:

|                | 2000<br>Market price |           | Dividends |
|----------------|----------------------|-----------|-----------|
|                | High                 | Low       |           |
| First quarter  | \$53.75              | \$37.375  | \$ 0.165  |
| Second quarter | \$66.5               | \$42.4375 | \$ 0.185  |
| Third quarter  | \$67.625             | \$57.125  | \$ 0.185  |
| Fourth quarter | \$82.3125            | \$58.9375 | \$ 0.185  |

|                | 1999         |           |           |
|----------------|--------------|-----------|-----------|
|                | Market price |           |           |
|                | High         | Low       | Dividends |
| First quarter  | \$65.8125    | \$51.6875 | \$ 0.150  |
| Second quarter | \$59.1875    | \$45.25   | \$ 0.165  |
| Third quarter  | \$61         | \$48.25   | \$ 0.165  |
| Fourth quarter | \$57.6875    | \$47.9375 | \$ 0.165  |

## ITEM 6. Selected Financial Data

Following is selected financial data for 11 years ended December 31, 2000:

| (In thousands, except per share)   | 2000(1)      | 1999         | 1998         | 1997         |
|--|--------------|--------------|--------------|--------------|
| Consolidated Statement of Operations Data:                                   |              |              |              |              |
| Gross sales  | \$2,841,738  | \$2,642,712  | \$2,463,655  | \$2,378,143  |
| Beer excise taxes  | (427,323)    | (406,228)    | (391,789)    | (386,080)    |
| Net sales  | 2,414,415    | 2,236,484    | 2,071,866    | 1,992,063    |
| Cost of goods sold   | (1,525,829)  | (1,397,251)  | (1,333,026)  | (1,302,369)  |
| Gross profit   | 888,586      | 839,233      | 738,840      | 689,694      |
| Other operating expenses:  |              |              |              |              |
| Marketing, general and administrative  | (722,745)    | (692,993)    | (615,626)    | (573,818)    |
| Special (charges) credits  | (15,215)     | (5,705)      | (19,395)     | 31,517       |
| Total other operating expenses   | (737,960)    | (698,698)    | (635,021)    | (542,301)    |
| Operating income   | 150,626      | 140,535      | 103,819      | 147,393      |
| Other income (expense) - net   | 18,899       | 10,132       | 7,281        | (500)        |
| Income before income taxes   | 169,525      | 150,667      | 111,100      | 146,893      |
| Income tax expense   | (59,908)     | (58,383)     | (43,316)     | (64,633)     |
| Income from continuing operations  | \$ 109,617   | \$ 92,284    | \$ 67,784    | \$ 82,260    |
| Per share of common stock  |              |              |              |              |
| - basic  | \$ 2.98      | \$ 2.51      | \$ 1.87      | \$ 2.21      |
| - diluted  | \$ 2.93      | \$ 2.46      | \$ 1.81      | \$ 2.16      |
| Consolidated Balance Sheet Data:   |              |              |              |              |
| Cash and cash equivalents and short-term and long-term marketable securities | \$ 386,195   | \$ 279,883   | \$ 287,672   | \$ 258,138   |
| Working capital  | \$ 118,415   | \$ 220,117   | \$ 165,079   | \$ 158,048   |
| Properties, at cost and net  | \$ 735,793   | \$ 714,001   | \$ 714,441   | \$ 733,117   |
| Total assets   | \$1,629,304  | \$1,546,376  | \$1,460,598  | \$1,412,083  |
| Long-term debt   | \$ 105,000   | \$ 105,000   | \$ 105,000   | \$ 145,000   |
| Other long-term liabilities  | \$ 45,446    | \$ 52,579    | \$ 56,640    | \$ 23,242    |
| Shareholders' equity   | \$ 932,389   | \$ 841,539   | \$ 774,798   | \$ 736,568   |
| Cash Flow Data:  |              |              |              |              |
| Cash provided by operations  | \$ 285,417   | \$ 200,068   | \$ 203,583   | \$ 273,803   |
| Cash used in investing activities  | \$ (297,541) | \$ (121,043) | \$ (146,479) | \$ (141,176) |
| Cash used in financing activities  | \$ (31,556)  | \$ (76,431)  | \$ (66,029)  | \$ (72,042)  |
| Other Information:   |              |              |              |              |
| Barrels of malt beverages sold   | 22,994       | 21,954       | 21,187       | 20,581       |
| Dividends per share of common stock  | \$ 0.720     | \$ 0.645     | \$ 0.60      | \$ 0.55      |
| EBITDA (2)   | \$ 299,112   | \$ 273,213   | \$ 243,977   | \$ 236,984   |
| Capital expenditures   | \$ 154,324   | \$ 134,377   | \$ 104,505   | \$ 60,373    |
| Operating income as a percentage of net sales (5)                            | 6.9%         | 6.5%         | 5.9%         | 5.8%         |
| Total debt to total capitalization   | 10.1%        | 11.1%        | 15.8%        | 19.0%        |

(1) 53-week year versus 52-week year.

(2) EBITDA is defined as earnings before interest, taxes, depreciation and amortization and excludes special charges (credits).

(5) Excluding special charges (credits).

| (In thousands, except per share)           | 1996        | 1995(1)(3)  | 1994(3)     | 1993(3)     |
|--|-------------|-------------|-------------|-------------|
| Consolidated Statement of Operations Data: |             |             |             |             |
| Gross sales                                | \$2,287,338 | \$2,075,917 | \$2,050,911 | \$1,960,378 |
| Beer excise taxes                          | (379,312)   | (385,216)   | (377,659)   | (364,781)   |
| Net sales                                  | 1,908,026   | 1,690,701   | 1,673,252   | 1,595,597   |
| Cost of goods sold                         | (1,297,661) | (1,106,635) | (1,073,370) | (1,050,650) |
| Gross profit                               | 610,365     | 584,066     | 599,882     | 544,947     |
| Other operating expenses:                  |             |             |             |             |
| Marketing, general                         |             |             |             |             |

|  |             |              |              |              |
|--|-------------|--------------|--------------|--------------|
| and administrative   | (523,250)   | (518,888)    | (505,668)    | (467,138)    |
| Special (charges) credits  | (6,341)     | 15,200       | 13,949       | (122,540)    |
| Total other operating expenses   | (529,591)   | (503,688)    | (491,719)    | (589,678)    |
| Operating income (loss)  | 80,774      | 80,378       | 108,163      | (44,731)     |
| Other expense - net  | (5,799)     | (7,100)      | (3,943)      | (12,099)     |
| Income (loss) before income taxes  | 74,975      | 73,278       | 104,220      | (56,830)     |
| Income tax (expense) benefit   | (31,550)    | (30,100)     | (46,100)     | 14,900       |
| Income (loss) from continuing operations                                     | \$ 43,425   | \$ 43,178    | \$ 58,120    | \$ (41,930)  |
| Per share of common stock  |             |              |              |              |
| - basic  | \$ 1.14     | \$ 1.13      | \$ 1.52      | \$ (1.10)    |
| - diluted  | \$ 1.14     | \$ 1.13      | \$ 1.51      | \$ (1.10)    |
| Consolidated Balance Sheet Data:   |             |              |              |              |
| Cash and cash equivalents and short-term and long-term marketable securities | \$ 116,863  | \$ 32,386    | \$ 27,168    | \$ 82,211    |
| Working capital  | \$ 124,194  | \$ 36,530    | \$ (25,048)  | \$ 7,197     |
| Properties, at cost and net  | \$ 814,102  | \$ 887,409   | \$ 922,208   | \$ 884,102   |
| Total assets   | \$1,362,536 | \$1,384,530  | \$1,371,576  | \$1,350,944  |
| Long-term debt   | \$ 176,000  | \$ 195,000   | \$ 131,000   | \$ 175,000   |
| Other long-term liabilities  | \$ 32,745   | \$ 33,435    | \$ 30,884    | \$ 34,843    |
| Shareholders' equity   | \$ 715,487  | \$ 695,016   | \$ 674,201   | \$ 631,927   |
| Cash Flow Data:  |             |              |              |              |
| Cash provided by operations  | \$ 194,603  | \$ 90,097    | \$ 186,426   | \$ 168,493   |
| Cash used in investing activities  | \$ (56,403) | \$ (116,172) | \$ (174,671) | \$ (119,324) |
| Cash (used in) provided by financing activities                              | \$ (59,284) | \$ 30,999    | \$ (67,020)  | \$ (6,627)   |
| Other Information:   |             |              |              |              |
| Barrels of malt beverages sold   | 20,045      | 20,312       | 20,363       | 19,828       |
| Dividends per share of common stock  | \$ 0.50     | \$ 0.50      | \$ 0.50      | \$ 0.50      |
| EBITDA (2)   | \$ 213,725  | \$ 191,426   | \$ 220,979   | \$ 197,865   |
| Capital expenditures   | \$ 65,112   | \$ 157,599   | \$ 160,314   | \$ 120,354   |
| Operating income (loss) as a percentage of net sales (5)                     | 4.6%        | 3.9%         | 5.6%         | (4.9%)       |
| Total debt to total capitalization   | 21.2%       | 24.9%        | 20.6%        | 26.3%        |

(1) 53-week year versus 52-week year.

(2) EBITDA is defined as earnings before interest, taxes, depreciation and amortization and excludes special charges (credits).

(3) Freight expense has not been reclassified out of sales and into cost of goods sold for these years, as it is impracticable to do so due to system conversions.

(5) Excluding special charges (credits).

|  |             |             |             |
|--|-------------|-------------|-------------|
| (In thousands, except per share)   | 1992(3)(4)  | 1991(3)     | 1990(3)     |
| Consolidated Statement of Operations Data:                                   |             |             |             |
| Gross sales  | \$1,927,593 | \$1,903,886 | \$1,670,629 |
| Beer excise taxes  | (360,987)   | (360,879)   | (186,756)   |
| Net sales  | 1,566,606   | 1,543,007   | 1,483,873   |
| Cost of goods sold   | (1,051,362) | (1,052,228) | (986,352)   |
| Gross profit   | 515,244     | 490,779     | 497,521     |
| Other operating expenses:  |             |             |             |
| Marketing, general and administrative  | (441,943)   | (448,393)   | (409,085)   |
| Special charges  | --          | (29,599)    | (30,000)    |
| Total other operating expenses   | (441,943)   | (477,992)   | (439,085)   |
| Operating income   | 73,301      | 12,787      | 58,436      |
| Other expense - net  | (14,672)    | (4,403)     | (5,903)     |
| Income before income taxes   | 58,629      | 8,384       | 52,533      |
| Income tax (expense) benefit   | (22,900)    | 8,700       | (20,300)    |
| Income from continuing operations  | \$ 35,729   | \$ 17,084   | \$ 32,233   |
| Per share of common stock  |             |             |             |
| - basic  | \$ 0.95     | \$ 0.46     | \$ 0.87     |
| - diluted  | \$ 0.95     | \$ 0.46     | \$ 0.87     |
| Consolidated Balance Sheet Data:   |             |             |             |
| Cash and cash equivalents and short-term and long-term marketable securities | \$ 39,669   | \$ 14,715   | \$ 63,748   |
| Working capital  | \$ 112,302  | \$ 110,043  | \$ 201,043  |
| Properties, at cost and net  | \$ 904,915  | \$ 933,692  | \$1,171,800 |
| Total assets   | \$1,373,371 | \$1,844,811 | \$1,761,664 |
| Long-term debt   | \$ 220,000  | \$ 220,000  | \$ 110,000  |
| Other long-term liabilities  | \$ 52,291   | \$ 53,321   | \$ 58,011   |
| Shareholders' equity   | \$ 685,445  | \$1,099,420 | \$1,091,547 |
| Cash Flow Data:  |             |             |             |
| Cash provided by operations  | \$ 155,776  | \$ 164,148  | \$ 231,038  |
| Cash used in investing   |             |             |             |

|   |              |              |              |
|---|--------------|--------------|--------------|
| activities  | \$ (140,403) | \$ (349,781) | \$ (309,033) |
| Cash provided by financing activities             | \$ 9,581     | \$ 136,600   | \$ 97,879    |
| Other Information:                                |              |              |              |
| Barrels of malt beverages sold                    | 19,569       | 19,521       | 19,297       |
| Dividends per share of common stock               | \$ 0.50      | \$ 0.50      | \$ 0.50      |
| EBITDA (2)  | \$ 189,168   | \$ 151,144   | \$ 179,455   |
| Capital expenditures                              | \$ 115,450   | \$ 241,512   | \$ 183,368   |
| Operating income as a percentage of net sales (5) | 4.7%         | 2.7%         | 6.0%         |
| Total debt to total capitalization                | 24.3%        | 19.5%        | 9.2%         |

Note: Numbers in italics include results of discontinued operations.

(2) EBITDA is defined as earnings before interest, taxes, depreciation and amortization and excludes special charges (credits).

(3) Freight expense has not been reclassified out of sales and into cost of goods sold for these years, as it is impracticable to do so due to system conversions.

(4) Reflects the dividend of ACX Technologies, Inc. to our shareholders during 1992.

(5) Excluding special charges (credits).

## ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

### INTRODUCTION

We are the third-largest producer of beer in the United States. Our portfolio of brands is designed to appeal to a range of consumer taste, style and price preferences. Our beverages are sold throughout the United States and in select international markets.

This discussion summarizes the significant factors affecting our consolidated results of operations, liquidity and capital resources for the three-year period ended December 31, 2000, and should be read in conjunction with the financial statements and notes thereto included elsewhere in this report. Our fiscal year is the 52 or 53 weeks that end on the last Sunday in December. Our fiscal year 2000 consisted of 53 weeks. Our 1999 and 1998 fiscal years each consisted of 52 weeks.

In 2000, the Financial Accounting Standards Board's Emerging Issues Task Force issued a pronouncement stating that shipping and handling costs should not be reported as a reduction to gross sales within the income statement. As a result of this pronouncement, our finished product freight expense, which is incurred upon shipment of our product to our distributors, is now included within Cost of goods sold in our accompanying Consolidated Statements of Income. This expense had previously been reported as a reduction to gross sales; prior year financial statements have been reclassified for consistency as to where freight expense is reported.

Summary of operating results:

|                                       | Fiscal year ended                  |      |                      |      |                      |      |
|---------------------------------------|------------------------------------|------|----------------------|------|----------------------|------|
|                                       | December 31,<br>2000               |      | December 26,<br>1999 |      | December 27,<br>1998 |      |
|                                       | (In thousands, except percentages) |      |                      |      |                      |      |
| Gross sales                           | \$2,841,738                        |      | \$2,642,712          |      | \$2,463,655          |      |
| Beer excise taxes                     | (427,323)                          |      | (406,228)            |      | (391,789)            |      |
| Net sales                             | 2,414,415                          | 100% | 2,236,484            | 100% | 2,071,866            | 100% |
| Cost of goods sold                    | (1,525,829)                        | 63%  | (1,397,251)          | 62%  | (1,333,026)          | 64%  |
| Gross profit                          | 888,586                            | 37%  | 839,233              | 38%  | 738,840              | 36%  |
| Other operating expenses:             |                                    |      |                      |      |                      |      |
| Marketing, general and administrative | (722,745)                          | 30%  | (692,993)            | 31%  | (615,626)            | 30%  |
| Special charges                       | (15,215)                           | 1%   | (5,705)              | --   | (19,395)             | 1%   |
| Total other operating expenses        | (737,960)                          | 31%  | (698,698)            | 31%  | (635,021)            | 31%  |
| Operating income                      | 150,626                            | 6%   | 140,535              | 7%   | 103,819              | 5%   |
| Other income - net                    | 18,899                             | 1%   | 10,132               | --   | 7,281                | --   |
| Income before taxes                   | 169,525                            | 7%   | 150,667              | 7%   | 111,100              | 5%   |
| Income tax expense                    | (59,908)                           | 2%   | (58,383)             | 3%   | (43,316)             | 2%   |

Net income \$ 109,617 5% \$ 92,284 4% \$ 67,784 3%

### CONSOLIDATED RESULTS OF OPERATIONS - 2000 VS. 1999 AND 1999 VS. 1998

2000 vs. 1999: Our gross and net sales for 2000 were \$2,841.7 million and \$2,414.4 million, respectively, resulting in a \$199.0 million and \$177.9 million increase over our 1999 gross and net sales of \$2,642.7 million and \$2,236.5 million, respectively. Gross and net sales were favorably impacted by a 4.7% increase in barrel unit volume. We sold 22,994,000 barrels of beer and other malt beverages in 2000, compared to sales of 21,954,000 barrels in 1999. Year-to-date net sales were also favorably impacted by a continuing shift in consumer preferences toward higher-net-revenue products, domestic price increases and a longer fiscal year (2000 consisted of 53 weeks, versus 52 weeks in 1999). Excluding our 53rd week, unit volume was up approximately 4.1% compared to the 52-week period ended December 26, 1999. Excise taxes as a percent of gross sales decreased slightly in 2000 compared to 1999 primarily as a result of a shift in the geographic mix of our sales.

Cost of goods sold was \$1,525.8 million in 2000, an increase of 9.2%, compared to \$1,397.3 million in 1999. Cost of goods sold as a percentage of sales was 63.2% for 2000, compared to 62.5% for 1999. On a per barrel basis, cost of goods sold increased 4.3% in 2000 compared to 1999. This increase was primarily due to an ongoing mix shift in demand toward more expensive products and packages, including longneck bottles and import products sold by Coors-owned distributors, as well as higher aluminum, energy and freight costs. Cost of goods sold also increased as a result of higher labor costs in 2000 from wage increases and overtime incurred during our peak season in order to meet unprecedented demand for our products, higher depreciation expense because of higher capital expenditures and additional fixed costs as a result of our 53rd week in 2000.

Gross profit for 2000, was \$888.6 million, a 5.9% increase over gross profit of \$839.2 million for 1999. As a percentage of sales, gross profit decreased to 36.8% in 2000, compared to 37.5% of net sales in 1999.

Marketing, general and administrative costs were \$722.7 million in 2000 compared to \$693.0 million in 1999. The \$29.7 million or 4.3% increase over the prior year was primarily due to higher spending on marketing and promotions, both domestically and internationally. We continued to invest behind our brands and sales forces - domestic and international - during 2000, which included reinvesting incremental revenues that were generated from the volume and price increases achieved and discussed earlier. Our 2000 corporate overhead and information technology spending was also up slightly over 1999.

In 2000, our net special charges were \$15.2 million, or \$0.13 per basic and diluted share, after tax. We incurred a total special charge of \$20.6 million triggered by our decision to close our Spain brewery and commercial operations. The decision to close the Spain operations came as a result of an unfavorable outlook from various analyses we performed which focused on the potential for improved distribution channels, the viability of Coors brands in the Spain market and additional contract brewing opportunities. Of the approximately \$20.6 million charge, approximately \$11.3 million related to severance and other related closure costs for approximately 100 employees, approximately \$4.9 million related to a fixed asset impairment charge and approximately \$4.4 million for the write-off of our cumulative translation adjustments previously recorded to equity, related to our Spain operations. In 2000, approximately \$9.6 million of severance and other related closure costs were paid. These payments were funded from current cash balances. The remaining \$1.7 million reserve related to severance and other related closure costs is expected to be paid by the end of the first quarter of 2001 and will also be funded from current cash balances. Closing our Spain operations will eliminate annual operating losses of approximately \$7.0 million to \$8.0 million. The anticipated payback period is less than three years. We intend to invest much of the annual savings into our domestic and international businesses. The closure resulted in small savings in 2000, and we expect greater annual savings beginning in fiscal 2001. The Spain closure special charge was partially offset by a credit of \$5.4 million related to an insurance claim settlement.

In 1999, we recorded a special charge of \$5.7 million, or \$0.10 per basic and diluted share, after tax. The special charge included \$3.7 million for severance costs from the restructuring of our engineering and construction units and \$2.0 million for distributor network improvements. Approximately 50 engineering and construction employees accepted severance packages under this reorganization. During 1999 and 2000, approximately \$0.9 million and \$2.3 million, respectively, of severance costs were paid. The remaining \$0.5 million of severance costs at December 31, 2000, are expected to be paid in the first quarter of 2001.

As a result of these factors, our operating income was \$150.6 million for the year ended December 31, 2000, an increase of \$10.1 million or 7.2% over operating income of \$140.5 million for the year ended December 26, 1999. Excluding special charges, operating earnings were \$165.8 million for 2000, an increase of \$19.6 million or 13.4% over operating earnings of \$146.2 million for 1999.

Net other income was \$18.9 million for 2000, compared to net other income of \$10.1 million for 1999. The significant increase in 2000 is primarily due to higher net interest income, resulting from higher average cash investment balances with higher average yields and lower average debt balances in 2000 compared to 1999.

Including the impact of special items, our effective tax rate for 2000, was 35.3% compared to 38.8% for 1999. The primary reasons for the decrease in our effective rate were: the realization of a tax benefit pertaining to the Spain brewery closure, the resolution of an Internal Revenue Service audit, and reduced state tax rates. Excluding the impact of special charges, our effective tax rate for the year ended December 31, 2000, was 38.0%, compared to 38.8% for the year ended December 26, 1999.

Net income for the year increased \$17.3 million or 18.8% over last year. For 2000, net income was \$109.6 million, or \$2.98 per basic share (\$2.93 per diluted share), which compares to net income of \$92.3 million, or \$2.51 per basic share (\$2.46 per diluted share), for 1999. Excluding special charges, after-tax earnings for 2000, were \$114.5 million, or \$3.11 per basic share (\$3.06 per diluted share). This was an \$18.8 million or 19.6% increase over after-tax earnings, excluding special charges, of \$95.8 million, or \$2.61 per basic share (\$2.56 per diluted share), for 1999.

1999 vs. 1998: Our gross and net sales for 1999 were \$2,642.7 million and \$2,236.5 million, respectively, representing a \$179.1 million and

\$164.6 million increase over 1998. Gross and net sales were impacted favorably by a unit volume increase of 3.6%. Net sales per barrel for 1999 were also favorably impacted by improved net realizations per barrel due to increased pricing, reduced domestic discounting and mix improvement toward higher- net-revenue product sales. Excise taxes as a percent of gross sales decreased slightly in 1999 compared to 1998 primarily as a result of a shift in the geographic mix of our sales.

Cost of goods sold was \$1,397.3 million in 1999, which was a \$64.2 million or 4.8% increase over 1998. Cost of goods sold per barrel increased due to a shift in product demand toward more expensive products and packages, including import beers sold by Coors-owned distributors, higher glass costs 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 reduced aluminum material costs.

Gross profit increased 13.6% to \$839.2 million from 1998 due to the 7.9% net sales increase coupled with a lower increase in cost of goods sold of 4.8%, both discussed above. As a percentage of net sales, gross profit in 1999 increased to 37.5% from 35.7% in 1998.

Marketing, general and administrative expenses increased to \$693.0 million in 1999. Of the total \$77.4 million or 12.6% increase, advertising costs increased \$47.6 million over 1998 due to increased investments behind our core brands, both domestically and internationally. General and administrative expenses for our international business, as well as information technology expenses, were also higher in 1999 compared to 1998.

In 1999, we recorded a special charge of \$5.7 million, or \$0.10 per basic and diluted share, after tax. The special charge included \$3.7 million for severance costs from the restructuring of our engineering and construction units and \$2.0 million for distributor network improvements. Approximately 50 engineering and construction employees accepted severance packages under this reorganization. During 1999 and 2000, approximately \$0.9 million and \$2.3 million, respectively, of severance costs were paid. The remaining \$0.5 million of severance costs at December 31, 2000, are expected to be paid in the first quarter of 2001.

During 1998, we recorded a \$17.2 million pretax charge for severance and related costs of restructuring the production operations and a \$2.2 million pretax charge for the impairment of certain long-lived assets for one of our distributorships. These items resulted in a total special pretax charge of \$19.4 million in 1998.

As a result of the factors noted above, operating income grew 35.4% to \$140.5 million in 1999 from \$103.8 million in 1998. Excluding special charges, operating income rose 18.7% to \$146.2 million in 1999 from \$123.2 million in 1998.

Net other income of \$10.1 million in 1999 increased from \$7.3 million in 1998. This \$2.8 million increase was primarily due to reductions in net interest expense, which was attributable to increased capitalized interest due to higher capital spending and lower levels of debt.

Our effective tax rate decreased to 38.8% in 1999 from 39.0% in 1998 primarily due to higher tax-exempt income. The 1999 and 1998 effective tax rates exceeded the statutory rate primarily because of state tax expense. Our effective tax rates for fiscal years 1999 and 1998 were not impacted by special charges.

Net income for 1999 was \$92.3 million, or \$2.51 per basic share (\$2.46 per diluted share), compared to \$67.8 million, or \$1.87 per basic share (\$1.81 per diluted share), for 1998, representing increases of 34.2% (basic) and 35.9% (diluted) in earnings per share. Excluding special charges, after-tax earnings for 1999 were \$95.8 million, or \$2.61 per basic share (\$2.56 per diluted share), compared to \$79.6 million, or \$2.19 per basic share (\$2.12 per diluted share) for 1998.

## **LIQUIDITY AND CAPITAL RESOURCES**

Our primary sources of liquidity are cash provided by operating activities, marketable securities and external borrowings. In 2000, our financial condition remained strong. At the end of 2000, our cash, cash equivalents and marketable securities totaled \$386.2 million, up from \$279.9 million at the end of 1999. Although our cash and cash equivalents and working capital balances decreased from \$163.8 million and \$220.1 million, respectively, in 1999 to \$119.8 million and \$118.4 million, respectively, in 2000, this was largely a result of a strategic shift in our investing activities. In 2000, we shifted from investing in shorter-term securities to investing in longer-term securities which currently provide better yields. These long- term securities include investment grade corporate, government agency and municipal debt instruments. Our total investments in marketable securities increased \$150.3 million to \$266.4 million at the end of 2000 compared to \$116.1 million at the end of 1999. This increase was primarily funded by current year maturities of short-term investments, cash from operations and distributions received from joint ventures. All of these securities can be easily converted to cash, if necessary. Our decrease in cash and cash equivalents and working capital was also a result of increased capital expenditures in 2000. We believe that cash flows from operations, cash from sales of highly liquid securities and cash provided by short-term borrowings, when necessary, will be more than sufficient to meet our ongoing operating requirements, scheduled principal and interest payments on debt, dividend payments, anticipated capital expenditures and potential repurchases of common stock under our stock repurchase plan.

Operating activities: Net cash provided by operating activities was \$285.4 million for 2000, compared to \$200.1 million and \$203.6 million for 1999, and 1998, respectively. Operating cash flows in 1999 were \$85.3 million lower than in 2000 because of a \$48.0 million contribution we made to our defined benefit pension plan in January 1999 with no similar contribution being made in 2000. The 1999 contribution was made as a result of benefit improvements made to our defined benefit pension plan that resulted in an increase in the projected benefit obligation of approximately \$48 million. The remaining increase in 2000 operating cash flow was due to higher net income, slightly higher depreciation

expense, the non-cash portion of the special charge related to Spain, higher cash distributions received from our joint venture entities and working capital changes. The increase in distributions received was a result of higher earnings of the joint ventures in 2000 compared to 1999. The fluctuations in working capital were primarily due to timing between the two years; our accounts receivable were lower at December 31, 2000, as a result of the 53rd week in 2000, which tends to be our slowest week, and our accounts payable were higher at December 31, 2000, due to increased capital expenditures at the end of 2000 compared to 1999. These increases in operating cash flows were partially offset by increases in the equity earnings of our joint ventures and gains on sale of properties.

The decrease in operating cash flows in 1999 from 1998 of \$3.5 million was a result of the \$48 million contribution made to our defined benefit pension plan in January 1999, as discussed above, with no similar contribution being made in 1998. This decrease in operating cash flows was partially offset by working capital changes, an increase in deferred tax expense, higher cash distributions received from our joint venture entities and an increase in depreciation and amortization. The working capital fluctuations were due to increased operating activity and timing of payments between the two years. The increase in deferred tax expense was due to timing differences arising between book income and taxable income. The increase in distributions received was a result of higher net earnings of the joint ventures in 1999 compared to 1998. The increase in depreciation and amortization was due to an increase in capitalized assets in 1999 compared to 1998.

**Investing activities:** During 2000, we used \$297.5 million in investing activities compared to a use of \$121.0 million in 1999 and \$146.5 million in 1998. As discussed under the Liquidity section above, we have shifted to investing in longer-term marketable securities by investing cash from short-term investment maturities into longer term corporate, government agency and municipal debt instruments. The net impact of our marketable securities activities was a cash outflow of \$148.6 million compared to a net inflow of \$11.0 million in 1999 and an outflow of \$39.3 million in 1998. In 1999, we allocated less of our cash resources to marketable securities than in both 1998 and 2000, and instead allocated more resources to cash equivalents. In 2000, we also increased our capital expenditures to \$154.3 million compared to \$134.4 in 1999 and \$104.5 million in 1998. Our 2000 capital expenditures included additional spending on capacity-related projects, as well as expenditures for upgrades and improvements to our facilities.

**Financing activities:** During 2000, we used approximately \$31.6 million in financing activities, primarily for dividend payments of \$26.6 million on our Class B common stock and \$20.0 million for purchases of our Class B common stock under our stock repurchase program. These cash uses were partially offset by cash inflows of \$17.2 million related to the exercise of stock options under our stock option plans.

During 1999, we used \$76.4 million in financing activities consisting primarily of principal payments of \$40.0 million on our medium-term notes, net purchases of \$11.0 million for Class B common stock and dividend payments of \$23.7 million.

During 1998, we used \$66.0 million in financing activities consisting of principal payments of \$27.5 million on our medium-term notes, net purchases of \$17.8 million for Class B common stock and dividend payments of \$21.9 million.

**Debt obligations:** At December 31, 2000, we had \$100 million in Senior Notes outstanding, \$80 million of which is due in 2002 and the remaining \$20 million is due in 2005. Fixed interest rates on these notes range from 6.76% to 6.95%. Interest is paid semiannually in January and July. No principal payments were due or made on our debt in 2000. In 1999, we repaid the last \$40.0 million of outstanding medium-term notes that were due. Payments on these notes in 1998 were \$27.5 million.

Our debt-to-total capitalization ratio declined to 10.1% at the end of 2000, from 11.1% at year end 1999 and 15.8% at year end 1998.

**Revolving line of credit:** In addition to the Senior Notes, we have an unsecured, committed credit arrangement totaling \$200 million, all of which was available as of December 31, 2000. This line of credit has a five-year term which expires in 2003, with one remaining optional one-year extension. A facilities fee is paid on the total amount of the committed credit. Under the arrangement, we are required to maintain a certain debt-to-total capitalization ratio and were in compliance at year end 2000.

We also have two revolving lines of credit used for our operations in Japan. Each of these facilities provides up to 500 million yen (approximately \$4.4 million each as of December 31, 2000) in short-term financing. As of December 31, 2000, the approximate yen equivalent of \$2.6 million was outstanding under these arrangements.

**Advertising and promotions:** As of December 31, 2000, our aggregate commitments for advertising and promotions, including marketing at sports arenas, stadiums and other venues and events, were approximately \$125.5 million over the next eight years.

**Stock repurchase plan:** In November 2000, the board of directors authorized the extension of our stock repurchase program through 2001. The program authorizes repurchases of up to \$40 million of our outstanding Class B common stock. Repurchases will be financed by funds generated from operations or by our cash and cash equivalent balances. In 2000, we used \$20.0 million to repurchase common stock of which \$17.6 million related to repurchases under this stock purchase program.

**Capital improvements:** During 2000, we spent approximately \$150.3 million in capital expenditures (excluding capital improvements for the container joint ventures, which were recorded on the books of the respective joint ventures). We will continue to invest in our business and we expect our capital expenditures in 2001 to be in the range of approximately \$200 million to \$240 million for improving and enhancing our facilities, infrastructure, information systems and environmental compliance.

**Molson USA, LLC:** On January 2, 2001, we entered into a joint venture partnership agreement with Molson, Inc. and paid \$65 million for our

49.9% interest in the joint venture. The joint venture, known as Molson USA, LLC, has been formed to import, market, sell and distribute Molson's brands of beer in the United States. We used a portion of our current cash balances to pay the \$65 million acquisition price.

#### 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. You can identify these statements by forward-looking words such as "expect," "anticipate," "plan," "believe," "seek," "estimate," "internal," "outlook," "trends," "industry forces," "strategies," "goals" and similar words. These forward-looking statements may include, among others, statements concerning our outlook for 2001; overall volume trends; pricing trends and industry forces; cost reduction strategies and their anticipated results; our expectations for funding our 2001 capital expenditures and operations; 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 the expectations we describe in our forward-looking statements.

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

- Our success depends largely on the success of one product, the failure of which would materially adversely affect our financial results.
- Because our primary production facilities are located at a single site, we are more vulnerable than our competitors to transportation disruptions and natural disasters.
- We are smaller than our two primary competitors, and we are more vulnerable than our competitors to cost and price fluctuations.
- We are vulnerable to the pricing actions of our primary competitors, which we do not control.
- If demand for our products continues to grow at current rates, we may lack the capacity needed to meet demand or we may be required to increase our capital spending significantly.
- If any of our suppliers are unable or unwilling to meet our requirements, we may be unable to promptly obtain the materials we need to operate our business.
- The government may adopt regulations that could conceivably increase our costs or our liabilities or could limit our business activities.
- If the social acceptability of our products declines, or if litigation is directed at the alcoholic beverage industry, our sales volumes could decrease and our business could be materially adversely affected.
- Any significant shift in packaging preferences in the beer industry could increase our costs disproportionately and could limit our ability to meet consumer demand.
- We depend on independent distributors to sell our products, and we cannot provide any assurance that these distributors will sell our products effectively.
- Because our sales volume is more concentrated in fewer geographic areas in the United States than our competition, any loss of market share in the states where we are concentrated could have a material adverse effect on our results of operations.
- Because we lack a significant presence in international markets, we are dependent on the U.S. market.
- We are subject to environmental regulation by federal, state and local agencies, including laws that impose liability without regard to fault.

These and other risks and uncertainties affecting us are discussed in greater detail in this report and in our other filings with the Securities and Exchange Commission.

#### **OUTLOOK FOR 2001**

Our performance in 2000 benefited from strong domestic and export volume gains, as well as a positive industry environment. For 2001, we are committed to the basic goal of growing our unit volume more than twice as fast as the industry. Also in 2001, the beer price environment is again expected to be positive. Nonetheless, increased sales of value-packs or an increase in price discounting could have an unfavorable impact on our top-line performance, resulting in lower margins.

The outlook for cost of goods sold in 2001 includes many of the same challenges that we saw in 2000 - although we are working hard to reduce the growth rate in some key areas. Following are the cost factors that we anticipate will be most important in 2001:



- First, in the area of operating efficiencies, we have put additional bottle and value-pack packaging capacity on line and are working to improve many processes to relieve stress points in our production capacity. These projects should help us to meet growing demand at a lower cost. During peak season 2000, we were operating close to full capacity, which increased our costs. In 2001, savings from incremental capacity will be largely offset by startup and other one-time expenses related to completing these capacity projects.

- Second, input costs as a group are likely to increase again in 2001. Early in 2001, the outlook is for slightly higher aluminum can costs for the year. We anticipate modestly higher glass bottle costs because of higher natural gas rates. Paper rates are expected to be flat to down slightly. We expect that freight rates will be up early in the year, with rates in the back half unknown, but perhaps offering some opportunity to moderate. Agricultural commodity costs are expected to be down slightly due to lower prices for rice and corn.

- Third, package and product mix shifts will increase costs in 2001. Aside from changes in raw material rates, we plan to spend more on glass in 2001 because of the continuing shift in our package mix toward longneck bottles, which cost more and are less profitable than most of our other package configurations. We plan to increase longneck bottles as a percent of our bottle mix to more than 80% this year, up from just over 70% last year. Cost of goods sold per barrel is likely to be increased by higher anticipated sales of import beers by Coors-owned distributorships. We expect mix shifts to be the largest group of factors increasing our cost of goods sold per barrel in 2001, as they were in 2000.

- All in all, our expectations early in 2001 are for total cost of goods sold to be up modestly per barrel for the year -- and we are focusing throughout our operations to reduce the growth rate per barrel versus last year. It is important to note that a large shift in raw material prices or consumer demand toward other packages could alter this outlook.

Marketing and sales spending is expected to increase in 2001, while general and administrative costs are expected to be flat to up slightly. We continue to focus on reducing costs so that we can invest in our brands and sales efforts incrementally. Additional sales and marketing spending is determined on an opportunity-by-opportunity basis. Incremental revenue generated by price increases is likely to be spent on advertising and marketplace support because the competitive landscape has shifted during the past three years toward much more marketing, promotional and advertising spending.

Net interest income growth will slow because of our lower cash position as a result of our \$65 million payment for a 49.9% interest in our new Molson joint venture and our increase in capital expenditures in 2000 and 2001. The increase in our capital expenditures in 2001 will result in higher capitalized interest, which will partially offset the slower interest income growth. Of course, net interest income could be less favorable than expected in 2001 if we invest a substantial portion of our cash balances in operating assets or other investments with longer-term returns, or if interest rates decline. Also, cash may be used to repurchase additional shares of outstanding common stock as approved by our board of directors.

Our effective tax rate for 2001 is not expected to differ significantly from the 2000 effective tax rate applied to income, excluding special items. However, the level and mix of pretax income for 2001 could affect the actual rate for the year.

In 2001, we have planned capital expenditures (excluding capital improvements for our container joint ventures, which will be recorded on the books of the respective joint ventures) in the range of approximately \$200 million to \$240 million for improving and enhancing our facilities, infrastructure, information systems and environmental compliance. This capital spending plan is up from \$154 million in 2000. All of the planned increase for 2001 is the result of strong growth in consumer demand for our products, particularly in longneck bottles and value-packs.

While most of the incremental capital spending in 2001 is intended to increase available beer packaging capacity for 2002, a portion is focused on increasing our brewing capacity. The largest single project is the addition of a longneck bottle line in our Elkton, Virginia, facility.

Our 2001 capacity investments play a critical role in our long-term plan to increase productivity and lower our costs. Additionally, some of these investments will provide a foundation for future capacity investments. We are approaching these capacity projects with a strong bias for utilizing current assets fully before building new assets, and we will continue to apply rigorous discipline to our capital process, ensuring that it is carefully paced, competitively priced and designed to lower costs and improve returns. We are prepared to fund our growth in 2001 and well into the future largely from our strong operating cash flow. In addition to our 2001 planned capital expenditures, incremental strategic investments will be considered on a case-by-case basis.

## **CONTINGENCIES**

**Environmental:** We were one of numerous parties named by the Environmental Protection Agency (EPA) as a "potentially responsible party" at the Lowry site, a landfill owned by the City and County of Denver. In 1990, we recorded a special pretax charge of \$30 million, representing our portion, for potential cleanup costs of the site based upon an assumed present value of \$120 million in total site remediation costs. We also agreed to pay a specified share of costs if total remediation costs exceeded this amount.

The City and County of Denver; Waste Management of Colorado, Inc.; and Chemical Waste Management, Inc. are expected to implement site remediation. Chemical Waste Management's projected costs to meet the remediation objectives and requirements are currently below the \$120 million assumption used for our settlement. We have no reason to believe that total remediation costs will result in additional liability to us.

We were one of several parties named by the EPA as a "potentially responsible party" at the Rocky Flats Industrial Park site. In September

2000, the EPA entered into an Administrative Order on Consent with certain parties, including our company, requiring implementation of a removal action. Our projected costs to construct and monitor the removal action are approximately \$300,000. The EPA will also seek to recover its oversight costs associated with the project which are not possible to estimate at this time.

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

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

In August 2000, an accidental spill into Clear Creek at our Golden, Colorado, facility caused damage to some of the fish population in the creek. As a result, we are required to pay certain fines or other costs by implementing a supplemental environmental project. We settled with the Colorado Department of Public Health and Environment regarding violations of our permit in the amount of \$98,000 on February 22, 2001. This money will be paid to the Clear Creek Watershed Foundation to construct a waste rock repository in Clear Creek County. We have not yet settled with the Division of Wildlife for damage to the fish population but have proposed funding the remaining costs for construction of the waste rock repository.

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

Litigation: We are also named as a defendant in various actions and proceedings arising in the normal course of business. In all of these cases, we are denying the allegations and are vigorously defending ourselves against them and, in some instances, have filed counterclaims. Although the eventual outcome of the various lawsuits cannot be predicted, it is management's opinion that these suits will not result in liabilities that would materially affect our financial position or results of operations.

**ITEM 7a. Quantitative and Qualitative Disclosures About Market Risk**

In the normal course of business, we are exposed to fluctuations in interest rates, the value of foreign currencies and production and packaging materials prices. We have established policies and procedures that govern the management of these exposures through the use of a variety of financial instruments. We employ various financial instruments, including forward foreign exchange contracts, options and swap agreements, to manage certain of the exposures when practical. By policy, we do not enter into such contracts for the purpose of speculation and are continually enhancing our disciplines around these risk mitigation efforts.

Our objective in managing our exposure to fluctuations in interest rates, foreign currency exchange rates and production and packaging materials prices is to decrease the volatility of earnings and cash flows associated with changes in the applicable rates and prices. To achieve this objective, we primarily enter into forward foreign exchange contracts, options and swap agreements whose values change in the opposite direction of the anticipated cash flows. We do not hedge the value of net investments in foreign-currency-denominated operations and translated earnings of foreign subsidiaries. Our primary foreign currency exposures are the Canadian dollar and the Japanese yen.

A sensitivity analysis has been prepared to estimate our 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 our derivative and debt portfolio:

| Estimated fair value volatility          | As of                              | As of                              |
|--|------------------------------------|------------------------------------|
|  | December 31, 2000<br>(In millions) | December 26, 1999<br>(In millions) |
| Foreign currency risk: forwards, options | \$ (3.0)                           | \$ (2.8)                           |
| Interest rate risk: swaps, debt          | \$ (1.3)                           | \$ (1.3)                           |
| Commodity price risk: swaps, options     | \$ (9.1)                           | \$ (11.3)                          |

ITEM 8. Financial Statements and Supplementary Data

Index to Financial Statements

Page(s)

Consolidated Financial Statements:

|   |       |
|---|-------|
| Report of Independent Accountants   | 32    |
| Consolidated Statements of Income for each of<br>the three years in the period ended December 31, 2000                  | 33    |
| Consolidated Balance Sheets at December 31, 2000,<br>and December 26, 1999  | 34-35 |
| Consolidated Statements of Cash Flows for each of<br>the three years in the period ended December 31, 2000              | 36    |
| Consolidated Statements of Shareholders' Equity<br>for each of the three years in the period ended<br>December 31, 2000 | 37    |
| Notes to Consolidated Financial Statements  | 38-63 |

## Report of Independent Accountants

### To the Board of Directors and Shareholders of Adolph Coors Company:

In our opinion, the accompanying consolidated balance sheets and related consolidated statements of income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Adolph Coors Company and its subsidiaries at December 31, 2000, and December 26, 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. 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 auditing standards generally accepted in the United States of America 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 our opinion.

### PricewaterhouseCoopers LLP

Denver, Colorado  
February 7, 2001

## ADOLPH COORS COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

|                                       | For the years ended                   |                      |                      |
|---------------------------------------|---------------------------------------|----------------------|----------------------|
|                                       | December 31,<br>2000                  | December 26,<br>1999 | December 27,<br>1998 |
|                                       | (In thousands, except per share data) |                      |                      |
| Sales - domestic and international    | \$ 2,841,738                          | \$ 2,642,712         | \$ 2,463,655         |
| Beer excise taxes                     | (427,323)                             | (406,228)            | (391,789)            |
| Net sales (Note 13)                   | 2,414,415                             | 2,236,484            | 2,071,866            |
| Cost of goods sold                    | (1,525,829)                           | (1,397,251)          | (1,333,026)          |
| Gross profit                          | 888,586                               | 839,233              | 738,840              |
| Other operating expenses:             |                                       |                      |                      |
| Marketing, general and administrative | (722,745)                             | (692,993)            | (615,626)            |
| Special charges (Note 9)              | (15,215)                              | (5,705)              | (19,395)             |
| Total other operating expenses        | (737,960)                             | (698,698)            | (635,021)            |
| Operating income                      | 150,626                               | 140,535              | 103,819              |
| Other income (expense):               |                                       |                      |                      |
| Interest income                       | 21,325                                | 11,286               | 12,136               |
| Interest expense                      | (6,414)                               | (4,357)              | (9,803)              |
| Miscellaneous - net                   | 3,988                                 | 3,203                | 4,948                |
| Total                                 | 18,899                                | 10,132               | 7,281                |
| Income before income taxes            | 169,525                               | 150,667              | 111,100              |
| Income tax expense (Note 5)           | (59,908)                              | (58,383)             | (43,316)             |
| Net income                            | 109,617                               | 92,284               | 67,784               |
| Other comprehensive income (expense), |                                       |                      |                      |

|  |            |           |           |
|--|------------|-----------|-----------|
| net of tax (Note 12):  |            |           |           |
| Foreign currency translation adjustments   | 2,632      | (3,519)   | 1,430     |
| Unrealized (loss) gain on available-for-sale securities and derivative instruments | (729)      | 6,438     | 440       |
| Reclassification adjustments   | 366        | --        | --        |
| Comprehensive income   | \$ 111,886 | \$ 95,203 | \$ 69,654 |
| Net income per common share - basic  | \$ 2.98    | \$ 2.51   | \$ 1.87   |
| Net income per common share - diluted  | \$ 2.93    | \$ 2.46   | \$ 1.81   |
| Weighted-average common shares-basic   | 36,785     | 36,729    | 36,312    |
| Weighted-average common shares-diluted   | 37,450     | 37,457    | 37,515    |

See notes to consolidated financial statements.

## ADOLPH COORS COMPANY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

|   | December 31,<br>2000 | December 26,<br>1999 |
|---|----------------------|----------------------|
|   | (In thousands)       |                      |
| Assets  |                      |                      |
| Current assets:   |                      |                      |
| Cash and cash equivalents   | \$ 119,761           | \$ 163,808           |
| Short-term marketable securities  | 72,759               | 113,185              |
| Accounts and notes receivable:  |                      |                      |
| Trade, less allowance for doubtful accounts of \$139 in 2000 and \$55 in 1999   | 104,484              | 123,861              |
| Affiliates  | 7,209                | 13,773               |
| Other, less allowance for certain claims of \$104 in 2000 and \$133 in 1999   | 15,385               | 22,026               |
| Inventories:  |                      |                      |
| Finished  | 40,039               | 44,073               |
| In process  | 23,735               | 19,036               |
| Raw materials   | 37,570               | 34,077               |
| Packaging materials, less allowance for obsolete inventories of \$1,993 in 2000 and \$1,195 in 1999                         | 8,580                | 10,071               |
| Total inventories   | 109,924              | 107,257              |
| Other supplies, less allowance for obsolete supplies of \$1,621 in 2000 and \$1,975 in 1999                                 | 23,703               | 23,584               |
| Prepaid expenses and other assets   | 19,847               | 24,858               |
| Deferred tax asset (Note 5)   | 24,679               | 20,469               |
| Total current assets  | 497,751              | 612,821              |
| Properties, at cost and net (Notes 2 and 13)  | 735,793              | 714,001              |
| Excess of cost over net assets of businesses acquired, less accumulated amortization of \$9,319 in 2000 and \$7,785 in 1999 | 29,446               | 31,292               |
| Long-term marketable securities   | 193,675              | 2,890                |
| Other assets (Note 10)  | 172,639              | 185,372              |

Total assets \$1,629,304 \$1,546,376

See notes to consolidated financial statements.

|                                      | December 31,<br>2000 | December 26,<br>1999 |
|--------------------------------------|----------------------|----------------------|
|                                      | (In thousands)       |                      |
| Liabilities and Shareholders' Equity |                      |                      |
| Current liabilities:                 |                      |                      |
| Accounts payable:                    |                      |                      |
| Trade                                | \$ 186,105           | \$ 155,344           |

|   |         |         |
|---|---------|---------|
| Affiliates  | 11,621  | 24,271  |
| Accrued salaries and vacations  | 57,041  | 60,861  |
| Taxes, other than income taxes  | 32,469  | 53,974  |
| Federal and state income taxes (Note 5)   | --      | 8,439   |
| Accrued expenses and other liabilities  | 92,100  | 89,815  |
| Total current liabilities   | 379,336 | 392,704 |
| Long-term debt (Note 4)   | 105,000 | 105,000 |
| Deferred tax liability (Note 5)   | 89,986  | 78,733  |
| Postretirement benefits (Note 8)  | 77,147  | 75,821  |
| Other long-term liabilities   | 45,446  | 52,579  |
| Total liabilities   | 696,915 | 704,837 |
| Commitments and contingencies<br>(Notes 3, 4, 5, 6, 7, 8, 10 and 14)  |         |         |
| Shareholders' equity (Notes 6, 11 and 12):  |         |         |
| Capital stock:  |         |         |
| Preferred stock, non-voting, \$1 par value (authorized: 25,000,000 shares; issued and outstanding: none)  | --      | --      |
| Class A common stock, voting, \$1 par value (authorized, issued and outstanding: 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 and outstanding: 35,871,121 in 2000 and 35,462,034 in 1999) | 8,541   | 8,443   |
| Total capital stock   | 9,801   | 9,703   |
| Paid-in capital   | 11,203  | 5,773   |
| Retained earnings   | 908,123 | 825,070 |
| Accumulated other comprehensive income  | 3,262   | 993     |
| Total shareholders' equity  | 932,389 | 841,539 |

Total liabilities and shareholders' equity \$1,629,304 \$1,546,376

See notes to consolidated financial statements.

## ADOLPH COORS COMPANY AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

|   | For the years ended  |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | December 31,<br>2000 | December 26,<br>1999 | December 27,<br>1998 |
| Cash flows from operating activities:   | (In thousands)       |                      |                      |
| Net income  | \$ 109,617           | \$ 92,284            | \$ 67,784            |
| Adjustments to reconcile net income to net cash provided by operating activities: |                      |                      |                      |
| Equity in net earnings of joint ventures  | (42,395)             | (36,958)             | (33,227)             |
| Distributions from joint ventures   | 55,379               | 30,280               | 22,438               |
| Non-cash portion of special charges   | 11,068               | 4,769                | 10,543               |
| Depreciation, depletion and amortization  | 129,283              | 123,770              | 115,815              |
| Net (gain) loss on sale or abandonment of properties and intangibles, net         | (4,729)              | 2,471                | 7,687                |
| Deferred income taxes   | 6,870                | 20,635               | (8,751)              |
| Change in operating assets and liabilities:                                       |                      |                      |                      |
| Accounts and notes receivable   | 28,260               | (21,036)             | 2,140                |
| Inventories   | (3,087)              | (4,373)              | 4,176                |
| Prepaid expenses and other assets   | 3,107                | (49,786)             | 8,977                |
| Accounts payable  | 18,324               | 35,261               | 9,899                |
| Accrued expenses and other liabilities  | (26,280)             | 2,751                | (3,898)              |
| Net cash provided by operating activities   | 285,417              | 200,068              | 203,583              |
| Cash flows from investing activities:   |                      |                      |                      |
| Purchases of investments  | (356,741)            | (94,970)             | (101,682)            |
| Sales and maturities of investments   | 208,176              | 105,920              | 62,393               |
| Additions to properties and intangible assets                                     | (154,324)            | (134,377)            | (104,505)            |

|  |           |           |           |
|--|-----------|-----------|-----------|
| Proceeds from sales of properties and intangible assets      | 6,427     | 3,821     | 2,264     |
| Other  | (1,079)   | (1,437)   | (4,949)   |
| Net cash used in investing activities                        | (297,541) | (121,043) | (146,479) |
| Cash flows from financing activities:                        |           |           |           |
| Issuances of stock under stock plans                         | 17,232    | 9,728     | 9,823     |
| Purchases of stock   | (19,989)  | (20,722)  | (27,599)  |
| Dividends paid   | (26,564)  | (23,745)  | (21,893)  |
| Payments of long-term debt                                   | --        | (40,000)  | (27,500)  |
| Other  | (2,235)   | (1,692)   | 1,140     |
| Net cash used in financing activities                        | (31,556)  | (76,431)  | (66,029)  |
| Cash and cash equivalents:                                   |           |           |           |
| Net (decrease) increase in cash and cash equivalents         | (43,680)  | 2,594     | (8,925)   |
| Effect of exchange rate changes on cash and cash equivalents | (367)     | 1,176     | 88        |
| Balance at beginning of year                                 | 163,808   | 160,038   | 168,875   |

Balance at end of year \$ 119,761 \$ 163,808 \$ 160,038

See notes to consolidated financial statements.

## ADOLPH COORS COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

|                                       | Common stock<br>issued |          | Paid-in<br>capital |            | Retained<br>earnings | Accumulated<br>other<br>compre-<br>hensive<br>income | Total      |
|---------------------------------------|------------------------|----------|--------------------|------------|----------------------|--|------------|
|                                       | Class A                | Class B  |                    |            |                      |  |            |
| (In thousands, except per share data) |                        |          |                    |            |                      |  |            |
| Balances, December 28, 1997           | \$ 1,260               | \$ 8,476 | \$ --              | \$ 730,628 | \$ (3,796)           |  | \$ 736,568 |
| Shares issued under stock plans       |                        | 145      | 17,923             |            |                      |  | 18,068     |
| Purchases of stock                    |                        | (193)    | (7,418)            | (19,988)   |                      |  | (27,599)   |
| Other comprehensive income            |                        |          |                    |            |                      | 1,870  | 1,870      |
| Net income                            |                        |          |                    | 67,784     |                      |  | 67,784     |
| Cash dividends-\$0.60 per share       |                        |          |                    | (21,893)   |                      |  | (21,893)   |
| Balances, December 27, 1998           | 1,260                  | 8,428    | 10,505             | 756,531    | (1,926)              |  | 774,798    |
| Shares issued under stock plans       |                        | 110      | 15,895             |            |                      |  | 16,005     |
| Purchases of stock                    |                        | (95)     | (20,627)           |            |                      |  | (20,722)   |
| Other comprehensive income            |                        |          |                    |            |                      | 2,919  | 2,919      |
| Net income                            |                        |          |                    | 92,284     |                      |  | 92,284     |
| Cash dividends-\$0.645 per share      |                        |          |                    | (23,745)   |                      |  | (23,745)   |
| Balances, December 26, 1999           | 1,260                  | 8,443    | 5,773              | 825,070    | 993                  |  | 841,539    |
| Shares issued under stock plans       |                        | 181      | 25,336             |            |                      |  | 25,517     |
| Purchases of stock                    |                        | (83)     | (19,906)           |            |                      |  | (19,989)   |
| Other comprehensive income            |                        |          |                    |            |                      | 2,269  | 2,269      |
| Net income                            |                        |          |                    | 109,617    |                      |  | 109,617    |
| Cash dividends-\$0.72 per share       |                        |          |                    | (26,564)   |                      |  | (26,564)   |
| Balances, December 31,                |                        |          |                    |            |                      |  |            |

2000 \$ 1,260 \$ 8,541 \$ 11,203 \$ 908,123 \$ 3,262 \$ 932,389

See notes to consolidated financial statements.

## ADOLPH COORS COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1:

## Summary of Significant Accounting Policies

**Principles of consolidation:** Our consolidated financial statements include our accounts and our majority-owned and controlled domestic and foreign subsidiaries. All significant intercompany accounts and transactions have been eliminated. The equity method of accounting is used for our investments in affiliates where we have the ability to exercise significant influence (see Note 10). We have other investments that are accounted for at cost.

**Nature of operations:** We are a multinational brewer, marketer and seller of beer and other malt-based beverages. The vast majority of our volume is sold in the United States to independent wholesalers. Our international volume is produced, marketed and distributed under varying business arrangements including export, direct investment, joint ventures and licensing.

**Fiscal year:** Our fiscal year is a 52- or 53-week period ending on the last Sunday in December. Fiscal year ended December 31, 2000, was a 53-week period. Fiscal years ended December 26, 1999, and December 27, 1998, were both 52-week periods.

**Investments in marketable securities:** We invest our excess cash on hand in interest-bearing marketable securities, which include corporate, government agency and municipal debt instruments that are investment grade. At December 31, 2000, \$72.8 million of these securities were classified as current assets and \$193.7 million were classified as non-current assets, as their maturities exceeded one year, ranging from 2002 through 2003. All of these securities were considered to be available-for-sale. These securities have been recorded at fair value, based on quoted market prices, through other comprehensive income. Unrealized gains relating to these securities totaled \$1.9 million and \$0.1 million at December 31, 2000, and December 26, 1999, respectively. Net gains realized on sales of available-for-sale securities were immaterial in 2000, 1999 and 1998.

**Concentration of credit risk:** The majority of our accounts receivable balances are from malt beverage distributors. We secure substantially all of this credit risk with purchase money security interests in inventory and proceeds, personal guarantees and/or letters of credit.

**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 \$42.9 million and \$41.0 million at December 31, 2000, and December 26, 1999, respectively.

**Properties:** Land, buildings and machinery and equipment are stated at cost. Depreciation is provided principally on the straight-line method over the following estimated useful lives: buildings and improvements, 10 to 40 years; and machinery and equipment, 3 to 20 years. 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.

**Derivative instruments:** In the normal course of business, we are exposed to fluctuations in interest rates, foreign currency exchange rates and production and packaging materials prices. We have established policies and procedures that govern the management of these exposures through the use of a variety of financial instruments. We employ various financial instruments, including forward foreign exchange contracts, options and swap agreements, to manage certain of the exposures when practical. By policy, we do not enter into such contracts for the purpose of speculation.

Our derivative activities are subject to the management, direction and control of the Financial Risk Management Committee (FRMC). The FRMC is composed of the chief financial officer and other senior financial management of the company. The FRMC sets forth risk management philosophy and objectives through a corporate policy; provides guidelines for derivative-instrument usage; and establishes procedures for control and valuation, counterparty credit approval and the monitoring and reporting of derivative activity.

Our objective in managing our exposure to fluctuations in interest rates, foreign currency exchange rates and production and packaging materials prices is to decrease the volatility of earnings and cash flows associated with changes in the applicable rates and prices. To achieve this objective, we primarily enter into forward foreign 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. In calculating effectiveness, we do not exclude any component of the derivative instruments' gain or loss from the calculation. The cash flows of the derivative instruments are expected to be highly effective in achieving offsetting 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 the 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 earnings over the remaining life of the underlying exposure. If the hedged assets or liabilities were to be sold or extinguished, we would recognize the gain or loss on the designated financial instruments concurrent with when the sale or extinguishment of the hedged assets or liabilities would be recognized in earnings. Cash flows from our derivative instruments are classified in the same category as the hedged item in the Consolidated Statements of Cash Flows.

At December 31, 2000, we have certain forward foreign exchange contracts, options and swap agreements outstanding. Substantially all of

these instruments have been designated as cash flow hedges, and these instruments hedge a portion of our total exposure to the variability in future cash flows relating to fluctuations in foreign exchange rates and certain production and packaging materials prices. The terms of these derivative instruments extend from January 2001 through August 2002 and relate to exposures extending through March 2003 (see Note 14).

During 2000 we had certain interest rate swap agreements outstanding to help manage our exposure to fluctuations in interest rates. These swap agreements were not designated as hedges and accordingly, all gains and losses on these agreements were recorded in interest income in the accompanying Consolidated Statements of Income. At December 31, 2000, we did not have any outstanding interest rate swap agreements.

During 2000, there were no significant gains or losses recognized in earnings for hedge ineffectiveness. Also, we did not discontinue any hedges as a result of an expectation that the forecasted transaction would no longer occur. Accordingly, there were no gains or losses reclassified into earnings as a result of a discontinuance of a hedge. At December 31, 2000, the estimated deferred net gain that is expected to be recognized over the next 12 months, on certain forward foreign exchange contracts and production and packaging materials derivative contracts, when the underlying forecasted cash flow transactions occur, is \$4.2 million.

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. During 1998, we recorded a \$2.2 million impairment charge, which has been classified as a Special charge in the accompanying Consolidated Statements of Income, related to long-lived assets at one of our distributorships. The long-lived assets were considered impaired in light of both historical losses and expected future, undiscounted cash flows. The impairment charge represented a reduction of the carrying amounts of the impaired assets to their estimated fair market values, which were determined using a discounted cash flow model.

Impairment policy: We periodically evaluate our assets to assess their recoverability from future operations using undiscounted cash flows. Impairment is recognized in operations if a permanent diminution in value is judged to have occurred.

Revenue recognition: Revenue is recognized upon shipment of our product to our distributors.

Freight expense: In 2000, the Financial Accounting Standards Board's Emerging Issues Task Force issued a pronouncement stating that shipping and handling costs should not be reported as a reduction to gross sales within the income statement. As a result of this pronouncement, our finished product freight expense, which is incurred upon shipment of our product to our distributors, is now included within Cost of goods sold in our accompanying Consolidated Statements of Income. This expense had previously been reported as a reduction to gross sales; prior year financial statements have been reclassified to reflect this change in where freight expense is reported.

Advertising: Advertising costs, included in Marketing, general and administrative, are expensed when the advertising is run. Advertising expense was \$477.3 million, \$443.4 million and \$395.8 million for years 2000, 1999 and 1998, respectively. We had \$18.7 million and \$17.7 million of prepaid advertising costs reported as current and non-current assets at December 31, 2000, and December 26, 1999, respectively.

Research and development: Research and project development costs, included in Marketing, general and administrative, are expensed as incurred. These costs totaled \$15.9 million, \$15.5 million and \$15.2 million in 2000, 1999 and 1998, respectively.

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 estimated reasonably.

Statement of Cash Flows: Cash equivalents represent highly liquid investments with original maturities of 90 days or less. The fair value of these investments approximates their carrying value. During 1999 and 1998, we issued restricted common stock under our management incentive program. We did not issue any restricted stock under this plan in 2000. These issuances, net of forfeitures, resulted in net non-cash (decreases) increases to the equity accounts of (\$5.8) million, (\$0.7) million and \$2.4 million in 2000, 1999 and 1998, respectively. Also during 2000, 1999 and 1998, equity was increased by the non-cash tax effects of the exercise of stock options under our stock plans of \$14.2 million, \$7.0 million and \$5.9 million, respectively. Income taxes paid were \$49.6 million in 2000, \$42.4 million in 1999 and \$39.6 million in 1998.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires our management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications: Certain reclassifications have been made to the 1999 and 1998 financial statements to conform with the 2000 presentation.

## **NOTE 2:**

### **Properties**

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



|  | December 31,<br>2000 | As of<br>December 26,<br>1999 |
|--|----------------------|-------------------------------|
|  | (In thousands)       |                               |
| Land and improvements  | \$ 93,507            | \$ 94,687                     |
| Buildings  | 508,443              | 501,013                       |
| Machinery and equipment                                      | 1,731,463            | 1,680,600                     |
| Natural resource properties                                  | 7,373                | 7,423                         |
| Construction in progress                                     | 91,964               | 44,845                        |
|  | 2,432,750            | 2,328,568                     |
| Less accumulated depreciation,<br>depletion and amortization | (1,696,957)          | (1,614,567)                   |
| Net properties   | \$ 735,793           | \$ 714,001                    |

Interest incurred, capitalized, expensed and paid were as follows:

|                      | December 31,<br>2000 | For the years ended<br>December 26,<br>1999 | December 27,<br>1998 |
|----------------------|----------------------|---|----------------------|
|                      | (In thousands)       |   |                      |
| Interest costs       | \$ 9,567             | \$ 8,478                                    | \$12,532             |
| Interest capitalized | (3,153)              | (4,121)                                     | (2,729)              |
| Interest expensed    | \$ 6,414             | \$ 4,357                                    | \$ 9,803             |
| Interest paid        | \$ 7,664             | \$ 9,981                                    | \$12,808             |

### NOTE 3:

#### Leases

We lease certain office facilities and operating equipment under cancelable and non-cancelable agreements accounted for as operating leases. At December 31, 2000, the minimum aggregate rental commitment under all non-cancelable leases was (in thousands):

| Fiscal year | Amount<br>(In thousands) |
|-------------|--------------------------|
| 2001        | \$ 6,065                 |
| 2002        | 5,412                    |
| 2003        | 4,494                    |
| 2004        | 4,337                    |
| 2005        | 3,855                    |
| Thereafter  | 6,686                    |
| Total       | \$ 30,849                |

Total rent expense was (in thousands) \$11,502, \$10,978 and \$11,052 for years 2000, 1999 and 1998, respectively.

### NOTE 4:

#### Debt

Long-term debt consists of the following:

|                              | December 31, 2000 | As of<br>December 26, 1999 |
|------------------------------|-------------------|----------------------------|
|                              | Carrying<br>value | Fair<br>value              |
|                              | (In thousands)    |                            |
| Senior Notes                 | \$100,000         | \$100,300                  |
| Industrial development bonds | 5,000             | 5,000                      |
|                              | \$105,000         | \$105,300                  |
|                              |                   | \$100,000                  |
|                              |                   | \$99,000                   |
|                              |                   | 5,000                      |
|                              |                   | \$104,000                  |

Fair values were determined using discounted cash flows at current interest rates for similar borrowings.

On July 14, 1995, we completed a \$100 million private placement of unsecured Senior Notes at fixed interest rates ranging from 6.76% to 6.95% per annum. Interest on the notes is due semiannually in January and July. The principal amount of the Notes is payable as follows: \$80

million in 2002 and \$20 million in 2005. The terms of our private placement Notes allow for maximum liens, transactions and obligations. At December 31, 2000, we were in compliance with these requirements.

We are obligated to pay the principal, interest and premium, if any, on the \$5 million, City of Wheat Ridge, Colorado Industrial Development Bonds (Adolph Coors Company Project) Series 1993. The bonds mature in 2013 and are secured by a letter of credit. They are currently variable rate securities with interest payable on the first of March, June, September and December. The interest rate on December 31, 2000, was 5.0%. We are required to maintain a minimum tangible net worth and a certain debt-to-total capitalization ratio under the Bond agreements. At December 31, 2000, we were in compliance with these requirements.

We have an unsecured, committed credit arrangement totaling \$200 million, all of which was available as of December 31, 2000. This line of credit has a five-year term which expires in 2003, with one remaining optional one- year extension. A facilities fee is paid on the total amount of the committed credit. Under the arrangement, we are required to maintain a certain debt-to-total capitalization ratio and were in compliance at year- end 2000.

Our distribution subsidiary in Japan has two revolving lines of credit that it utilizes in its normal operations. Each of these facilities provides up to 500 million yen (approximately \$4.4 million each as of December 31, 2000) in short-term financing. As of December 31, 2000, the approximate yen equivalent of \$2.6 million was outstanding under these arrangements and is included in Accrued expenses and other liabilities in the accompanying Consolidated Balance Sheets.

## NOTE 5:

### Income Taxes

Income tax expense (benefit) includes the following current and deferred provisions:

|   | December 31,<br>2000 | For the years ended<br>December 26,<br>1999 | December 27,<br>1998 |
|---|----------------------|---|----------------------|
|   |                      | (In thousands)                              |                      |
| Current:                                |                      |   |                      |
| Federal                                 | \$ 29,573            | \$ 24,088                                   | \$ 35,351            |
| State and foreign                       | 9,282                | 6,686                                       | 10,867               |
| Total current tax expense               | 38,855               | 30,774                                      | 46,218               |
| Deferred:                               |                      |   |                      |
| Federal                                 | 6,669                | 19,035                                      | (7,401)              |
| State and foreign                       | 201                  | 1,600                                       | (1,350)              |
| Total deferred tax<br>expense (benefit) | 6,870                | 20,635                                      | (8,751)              |
| Other:                                  |                      |   |                      |
| Allocation to paid-in capital           | 14,183               | 6,974                                       | 5,849                |
| Total income tax expense                | \$ 59,908            | \$ 58,383                                   | \$ 43,316            |

Our income tax expense varies from the amount expected by applying the statutory federal corporate tax rate to income as follows:

|   | December 31,<br>2000 | For the years ended<br>December 26,<br>1999 | December 27,<br>1998 |
|---|----------------------|---|----------------------|
| Expected tax rate                             | 35.0%                | 35.0%                                       | 35.0%                |
| State income taxes, net of<br>federal benefit | 3.7                  | 3.7   | 3.1                  |
| Effect of foreign investments                 | (3.1)                | 1.1   | 2.5                  |
| Non-taxable income                            | (0.2)                | (0.8)                                       | (1.7)                |
| Other, net                                    | (0.1)                | (0.2)                                       | 0.1                  |
| Effective tax rate                            | 35.3%                | 38.8%                                       | 39.0%                |

Our deferred taxes are composed of the following:

|   | December 31,<br>2000 | As of<br>December 26,<br>1999 |
|---|----------------------|-------------------------------|
|   |                      | (In thousands)                |
| Current deferred tax assets:                        |                      |                               |
| Deferred compensation and other<br>employee related | \$ 14,212            | \$ 12,052                     |
| Balance sheet reserves and accruals                 | 11,613               | 13,258                        |
| Other   | --                   | 211                           |
| Valuation allowance                                 | (1,146)              | (1,146)                       |

|  |           |           |
|--|-----------|-----------|
| Total current deferred tax assets                | 24,679    | 24,375    |
| Current deferred tax liabilities:                |           |           |
| Balance sheet reserves and accruals              | --        | 3,906     |
| Net current deferred tax assets                  | \$ 24,679 | \$ 20,469 |
| Non-current deferred tax assets:                 |           |           |
| Deferred compensation and other employee related | \$ 9,602  | \$ 14,578 |
| Balance sheet reserves and accruals              | 8,410     | 4,913     |
| Retirement benefits                              | 11,365    | 9,947     |
| Environmental accruals                           | 2,274     | 2,264     |
| Deferred foreign losses                          | 1,395     | 1,623     |
| Partnership investments                          | 3,297     | --        |
| Total non-current deferred tax assets            | 36,343    | 33,325    |
| Non-current deferred tax liabilities:            |           |           |
| Depreciation and capitalized interest            | 110,225   | 109,425   |
| Deferred benefit on foreign investment           | 16,104    | --        |
| Other  | --        | 2,633     |

Total non-current deferred tax liabilities 126,329 112,058

Net non-current deferred tax liabilities \$ 89,986 \$ 78,733

The deferred tax assets have been reduced by a valuation allowance, because management believes it is more likely than not that such benefits will not be fully realized. The valuation allowance remained unchanged during 2000.

In 2000, we realized a tax benefit pertaining to the Spain brewery closure. We also resolved the Internal Revenue Service (IRS) examination of our federal income tax returns through 1995. The IRS is currently examining the federal income tax returns through 1998. In the opinion of management, adequate accruals have been provided for all income tax matters and related interest.

#### NOTE 6:

##### Stock Option, Restricted Stock Award and Employee Award Plans

At December 31, 2000, we had three stock-based compensation plans, which are described in greater detail below. We apply Accounting Principles Board Opinion No. 25 and related interpretations in accounting for our plans. Accordingly, as the exercise prices upon grant are equal to quoted market values, no compensation cost has been recognized for the stock option portion of the plans. Had compensation cost been determined for our stock option portion of the plans based on the fair value at the grant dates for awards under those plans consistent with the alternative method set forth under Financial Accounting Standards Board Statement No. 123, our net income and earnings per share would have been reduced to the pro forma amounts indicated below:

|                              |             | 2000                                  | 1999      | 1998      |
|------------------------------|-------------|---------------------------------------|-----------|-----------|
|                              |             | (In thousands, except per share data) |           |           |
| Net income                   | As reported | \$109,617                             | \$ 92,284 | \$ 67,784 |
|                              | Pro forma   | \$ 96,164                             | \$ 82,222 | \$ 61,484 |
| Earnings per share - basic   | As reported | \$ 2.98                               | \$ 2.51   | \$ 1.87   |
|                              | Pro forma   | \$ 2.61                               | \$ 2.24   | \$ 1.69   |
| Earnings per share - diluted | As reported | \$ 2.93                               | \$ 2.46   | \$ 1.81   |
|                              | Pro forma   | \$ 2.57                               | \$ 2.20   | \$ 1.64   |

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

|                                    | 2000     | 1999     | 1998     |
|------------------------------------|----------|----------|----------|
| Risk-free interest rate            | 6.72%    | 5.03%    | 5.78%    |
| Dividend yield                     | 1.27%    | 1.09%    | 1.63%    |
| Volatility                         | 31.41%   | 30.66%   | 32.56%   |
| Expected term (years)              | 6.2      | 7.8      | 10.0     |
| Weighted average fair market value | \$ 20.17 | \$ 23.28 | \$ 14.96 |

1990 Plan: The 1990 Equity Incentive Plan, (1990 EI Plan) provides for two types of grants: stock options and restricted stock awards. The stock options have a term of 10 years with exercise prices equal to fair market value on the day of the grant, and one-third of the stock option grant vests in each of the three successive years after the date of grant. During 2000, we discontinued our 1983 Stock Option Plan. No options

had been granted under this plan since 1989. The 716,886 shares available for grant under the 1983 plan were transferred to the 1990 plan. Total authorized shares for issuance under the 1990 EI Plan are 8 million.

A summary of the status of our 1990 EI Plan as of December 31, 2000, December 26, 1999, and December 27, 1998, and changes during the years ending on those dates is presented below:

|                         | Options<br>available<br>for grant | Outstanding<br>options | Weighted-<br>average<br>exercise<br>price | Options<br>exercisable<br>at year-end<br>Shares | Weighted-<br>average<br>exercise<br>price |
|-------------------------|-----------------------------------|------------------------|---|---|---|
| As of December 28, 1997 | 4,675,195                         | 2,252,179              | \$19.61                                   | 769,202   | \$18.25                                   |
| Granted                 | (794,283)                         | 794,283                | 33.83                                     |   |   |
| Exercised               | --                                | (616,914)              | 18.66                                     |   |   |
| Forfeited               | 99,331                            | (99,331)               | 25.06                                     |   |   |
| As of December 27, 1998 | 3,980,243                         | 2,330,217              | 24.47                                     | 630,457   | 19.06                                     |
| Granted                 | (917,951)                         | 917,951                | 57.86                                     |   |   |
| Exercised               | --                                | (494,424)              | 21.54                                     |   |   |
| Forfeited               | 110,289                           | (110,289)              | 38.00                                     |   |   |
| As of December 26, 1999 | 3,172,581                         | 2,643,455              | 36.05                                     | 881,161   | 23.26                                     |
| Granted                 | (1,179,094)                       | 1,179,094              | 51.37                                     |   |   |
| Exercised               | --                                | (900,804)              | 23.80                                     |   |   |
| Forfeited               | 160,148                           | (160,148)              | 47.76                                     |   |   |
| As of December 31, 2000 | 2,153,635                         | 2,761,597              | \$45.91                                   | 910,548   | \$35.21                                   |

The following table summarizes information about stock options outstanding at December 31, 2000:

| Range of<br>exercise<br>prices | Options outstanding<br>Shares | Weighted-<br>average<br>remaining<br>contractual<br>life (years) | Weighted-<br>average<br>exercise<br>price | Options exercisable<br>Shares | Weighted-<br>average<br>exercise<br>price |
|--------------------------------|-------------------------------|--|---|-------------------------------|---|
| \$16.75-\$22.00                | 382,801                       | 5.8  | \$19.59                                   | 382,801                       | \$19.59                                   |
| \$26.88-\$33.41                | 427,227                       | 7.0  | \$33.35                                   | 236,933                       | \$33.31                                   |
| \$35.81-\$59.25                | 1,886,248                     | 8.6  | \$53.41                                   | 268,507                       | \$56.67                                   |
| \$60.53-\$75.22                | 65,321                        | 9.7  | \$65.65                                   | 22,307                        | \$64.85                                   |
| \$16.75-\$75.22                | 2,761,597                     | 7.8  | \$45.91                                   | 910,548                       | \$35.21                                   |

We issued 4,953 shares and 85,651 shares of restricted stock in 1999 and 1998, respectively, under the 1990 EI Plan. No restricted shares were issued under this plan in 2000. For the 1999 shares, the vesting period is two years from the date of grant. For the 1998 shares, the vesting period is three years from the date of the grant and is either prorata for each successive year or cliff vesting. The compensation cost associated with these awards is amortized over the vesting period. Compensation cost associated with these awards was immaterial in 2000, 1999 and 1998.

**1991 Plan:** The Equity Compensation Plan for Non-Employee Directors (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 all or any portion of the balance of the retainer. A director may elect to receive his or her remaining 80% retainer in cash, restricted stock or any combination of the two. Grants of stock vest after completion of the director's annual term. The compensation cost associated with the EC Plan is amortized over the director's term. Compensation cost associated with this plan was immaterial in 2000, 1999 and 1998. Common stock reserved for the 1991 plan as of December 31, 2000, was 29,296 shares.

**1995 Supplemental Compensation Plan:** This supplemental compensation plan covers substantially all our employees. Under the plan, management is allowed to recognize employee achievements through awards of Coors Stock Units (CSUs) or cash. CSUs are a measurement component equal to the fair market value of our Class B common stock. CSUs have a one-year holding period after which the recipient may redeem the CSUs for cash, or, if the holder has 100 or more CSUs, for shares of our Class B common stock. No awards were made under this plan in 2000. Awards under the plan in 1999 and 1998 were immaterial. There are 84,000 shares authorized under this plan. The number of shares of common stock available under this plan as of December 31, 2000, was 83,707 shares.

## NOTE 7:

### Employee Retirement Plans

We maintain several defined benefit pension plans for the majority of our employees. Benefits are based on years of service and average base compensation levels over a period of years. Plan assets consist primarily of equity, interest-bearing investments and real estate. Our funding policy is to contribute annually not less than the ERISA minimum funding standards, nor more than the maximum amount that can be deducted for federal income tax purposes. Total expense for all these plans was \$14.7 million in 2000, \$11.6 million in 1999 and \$11.9 million in 1998.

These amounts include our matching for the savings and investment (thrift) plan of \$7.3 million in 2000, \$6.1 million in 1999 and \$6.1 million in 1998. The increase in pension expense from 1999 to 2000 is primarily due to the full-year effect of the improvements to the retirement plan benefit formula that became effective July 1, 1999. In November 1998, our board of directors approved changes to one of the plans that were effective July 1, 1999. The changes increased the projected benefit obligation at the effective date by approximately \$48 million. To offset the increase in the projected benefit obligation of the defined benefit pension plan, we made a \$48 million contribution to the plan in January 1999. In 2000, the funded position of the Coors Retirement Plan was eroded somewhat due to the combined effects of a lower discount rate and a challenging investment environment.

Note that the settlement rates shown in the table on the following page were selected for use at the end of each of the years shown. Our actuary calculates pension expense annually based on data available at the beginning of each year, which includes the settlement rate selected and disclosed at the end of the previous year.

|   | For the years ended  |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | December 31,<br>2000 | December 26,<br>1999 | December 27,<br>1998 |
|   | (In thousands)       |                      |                      |
| Components of net periodic pension cost:      |                      |                      |                      |
| Service cost-benefits earned during the year  | \$ 16,467            | \$ 16,456            | \$ 14,449            |
| Interest cost on projected benefit obligation | 44,192               | 38,673               | 33,205               |
| Expected return on plan assets                | (58,108)             | (52,173)             | (42,498)             |
| Amortization of prior service cost            | 5,906                | 4,161                | 2,274                |
| Amortization of net transition amount         | (1,690)              | (1,690)              | (1,691)              |
| Recognized net actuarial loss                 | 590                  | 75                   | 28                   |
| Net periodic pension cost                     | \$ 7,357             | \$ 5,502             | \$ 5,767             |

The changes in the benefit obligation and plan assets and the funded status of the pension plans are as follows:

|   | As of                |                      |
|---|----------------------|----------------------|
|   | December 31,<br>2000 | December 26,<br>1999 |
|   | (In thousands)       |                      |
| Change in projected benefit obligation:           |                      |                      |
| Projected benefit obligation at beginning of year | \$ 548,428           | \$ 532,556           |
| Service cost                                      | 16,467               | 16,456               |
| Interest cost                                     | 44,192               | 38,673               |
| Amendments  | 871                  | 48,573               |
| Actuarial loss (gain)                             | 31,974               | (63,326)             |
| Benefits paid                                     | (27,512)             | (24,504)             |
| Projected benefit obligation at end of year       | \$ 614,420           | \$ 548,428           |
| Change in plan assets:                            |                      |                      |
| Fair value of assets at beginning of year         | \$ 627,153           | \$ 480,000           |
| Actual return on plan assets                      | (20,376)             | 124,840              |
| Employer contributions                            | 2,561                | 50,078               |
| Benefits paid                                     | (27,512)             | (24,504)             |
| Expenses paid                                     | (3,326)              | (3,261)              |
| Fair value of plan assets at end of year          | \$ 578,500           | \$ 627,153           |
| Funded status - (shortfall) excess                | \$ (35,920)          | \$ 78,725            |
| Unrecognized net actuarial loss (gain)            | 7,722                | (105,473)            |
| Unrecognized prior service cost                   | 53,680               | 58,715               |
| Unrecognized net transition amount                | 962                  | (728)                |
| Prepaid benefit cost                              | \$ 26,444            | \$ 31,239            |
|   | 2000                 | 1999                 |
| Weighted average assumptions as of year-end:      |                      | 1998                 |
| Discount rate                                     | 7.75%                | 8.00%                |
| Rate of compensation increase                     | 4.75%                | 5.25%                |
| Expected return on plan assets                    | 10.50%               | 10.50%               |

## NOTE 8:

### Non-Pension Postretirement Benefits

We have postretirement plans that provide medical benefits and life insurance for retirees and eligible dependents. The plans are not funded.

The obligation under these plans 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 8.0% in 2000 to 5.25% in 2007. The discount rate used in determining the accumulated postretirement benefit obligation was 7.75%, 8.00% and 7.00% at December 31, 2000, December 26, 1999, and December 27, 1998, respectively. In November 1998, our board of directors approved changes to one of the plans. The changes were effective July 1, 1999, and increased the accumulated postretirement benefit obligation at the effective date by approximately \$6.7 million.

The changes in the benefit obligation and plan assets and the funded status of the postretirement benefit plan are as follows:

|  | December 31,<br>2000 | For the years ended<br>December 26,<br>1999 | December 27,<br>1998 |
|--|----------------------|---|----------------------|
|  |                      | (In thousands)                              |                      |
| Components of net periodic postretirement benefit cost:    |                      |   |                      |
| Service cost - benefits earned during the year             | \$ 1,477             | \$ 1,404                                    | \$ 1,484             |
| Interest cost on projected benefit obligation              | 5,613                | 5,112                                       | 4,707                |
| Recognized net actuarial gain                              | (51)                 | (138)                                       | (207)                |
| Net periodic postretirement benefit cost                   | \$ 7,039             | \$ 6,378                                    | \$ 5,984             |
|  |                      | As of                                       |                      |
|  |                      | December 31,<br>2000                        | December 26,<br>1999 |
|  |                      | (In thousands)                              |                      |
| Change in projected postretirement benefit obligation:     |                      |   |                      |
| Projected benefit obligation at beginning of year          |                      | \$ 72,400                                   | \$ 72,122            |
| Service cost   |                      | 1,477                                       | 1,404                |
| Interest cost  |                      | 5,613                                       | 5,112                |
| Amendments   |                      | --  | 554                  |
| Actuarial loss (gain)                                      |                      | 3,264                                       | (2,497)              |
| Benefits paid  |                      | (5,004)                                     | (4,295)              |
| Projected postretirement benefit obligation at end of year |                      | \$ 77,750                                   | \$ 72,400            |
| Change in plan assets:                                     |                      |   |                      |
| Fair value of assets at beginning of year                  |                      | \$ --                                       | \$ --                |
| Actual return on plan assets                               |                      | --  | --                   |
| Employer contributions                                     |                      | 5,004                                       | 4,295                |
| Benefits paid  |                      | (5,004)                                     | (4,295)              |
| Fair value of plan assets at end of year                   |                      | \$ --                                       | \$ --                |
| Funded status - shortfall                                  |                      | \$(77,750)                                  | \$(72,400)           |
| Unrecognized net actuarial gain                            |                      | (4,662)                                     | (7,958)              |
| Unrecognized prior service cost                            |                      | 261   | 242                  |
| Accrued postretirement benefits                            |                      | (82,151)                                    | (80,116)             |
| Less current portion                                       |                      | 5,004                                       | 4,295                |
| Long-term postretirement benefits                          |                      | \$(77,147)                                  | \$(75,821)           |

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

|   | One-percentage-<br>point increase | One-percentage-<br>point decrease |
|---|-----------------------------------|-----------------------------------|
|   | (In thousands)                    |                                   |
| Effect on total of service and interest cost components | \$ 485                            | \$ (427)                          |

Effect of postretirement benefit obligation \$4,120 \$(3,660)

## NOTE 9:

### Special Charges (Credits)

Our annual results for 2000 include net pretax special charges of \$15.2 million, which resulted in after-tax expense of \$0.13 per basic and diluted share. We incurred a total special charge of \$20.6 million related to our decision to close our Spain brewery and commercial operations.

The brewery was acquired in March 1994 and provided services for the production and sales to unaffiliated distributors of Coors products in Spain and certain European markets outside of Spain. The decision to close the Spain operations came as a result of an unfavorable outlook from various analyses we performed which focused on the potential for improved distribution channels, the viability of Coors brands in the Spain market and additional contract brewing opportunities. Of the \$20.6 million charge, \$11.3 million related to severance and other related closure costs for approximately 100 employees, \$4.9 million related to a fixed asset impairment charge and \$4.4 million for the write-off of our cumulative translation adjustments, previously recorded in equity, related to our Spain operations. In 2000, approximately \$9.6 million of severance and other related closure costs were paid out. These payments were funded out of current cash balances. At December 31, 2000, there was a remaining reserve of approximately \$1.7 million for severance and other related closure costs. These costs are expected to be paid by the end of the first quarter of 2001 and will also be funded out of current cash balances. Our 2000 special charge was partially offset by a credit of \$5.4 million related to an insurance claim settlement.

Our annual results for 1999 included a pretax special charge of \$5.7 million, which resulted in after-tax expense of \$0.10 per basic and diluted share. Approximately \$3.7 million of this charge related to a restructuring of part of our operations which primarily included a voluntary severance program involving our engineering and construction work force. Approximately 50 engineering and construction employees accepted severance packages under the voluntary program. Also included in the \$5.7 million charge was approximately \$2.0 million of special charges incurred to facilitate distributor network improvements. During 1999 and 2000 we paid out \$0.9 million and \$2.3 million, respectively, of severance costs and at December 31, 2000, a severance reserve of \$0.5 million remained. These severance costs are expected to be paid out in the first quarter of 2001.

Our annual results for 1998 included a pretax net special charge of \$19.4 million, which resulted in after-tax expense of \$0.32 per basic share (\$0.31 per diluted share). This charge included a \$17.2 million pretax charge for severance and related costs of restructuring our production operations. The severance costs related to the restructuring were comprised of costs under a voluntary severance program involving our production work force plus severance costs incurred for a small number of salaried employees. Approximately 200 production employees accepted severance packages under the voluntary program. These severance costs have all been paid as of December 31, 2000. Also included in the 1998 results was a \$2.2 million pretax charge for the impairment of certain long-lived assets at one of our distributorships.

## NOTE 10:

### Investments

Equity method investments: We have investments in affiliates that are accounted for using the equity method of accounting. These investments aggregated \$56.3 million and \$69.2 million at December 31, 2000, and December 26, 1999, respectively. These investment amounts are included in Other assets on our accompanying Consolidated Balance Sheets.

Summarized condensed balance sheet and income statement information for our equity method investments are as follows:

Summarized condensed balance sheets:

|                         | December 31,<br>2000 | As of<br>December 26,<br>1999 |
|-------------------------|----------------------|-------------------------------|
|                         | (In thousands)       |                               |
| Current assets          | \$75,464             | \$99,539                      |
| Non-current assets      | \$87,353             | \$84,945                      |
| Current liabilities     | \$34,907             | \$34,317                      |
| Non-current liabilities | \$ 264               | \$ 75                         |

Summarized condensed statements of operations:

|                                | December 31,<br>2000 | For the years ended<br>December 26,<br>1999 | December 27,<br>1998 |
|--------------------------------|----------------------|---|----------------------|
|                                | (In thousands)       |   |                      |
| Net sales                      | \$490,227            | \$449,238                                   | \$453,246            |
| Gross profit                   | \$132,805            | \$116,970                                   | \$ 97,478            |
| Net income                     | \$ 77,575            | \$ 68,375                                   | \$ 59,650            |
| Company's equity in net income | \$ 42,395            | \$ 36,958                                   | \$ 33,227            |

Coors Canada, Inc. (CCI), one of our fully owned subsidiaries, formed a partnership, Coors Canada, with Molson, Inc. to market and sell Coors products in Canada. Coors Canada began operations January 1, 1998. CCI and Molson have a 50.1% and 49.9% interest, respectively. CCI's investment in the partnership is accounted for using the equity method of accounting due to Molson's participating rights in the partnership's business operations. The partnership agreement has an indefinite term and can be canceled at the election of either partner. Under the partnership agreement, Coors Canada is responsible for marketing Coors products in Canada, while the partnership contracts with Molson Canada for brewing, distribution and sales of these brands. Coors Canada receives an amount from Molson Canada generally equal to net sales revenue generated from the Coors brands less production, distribution, sales and overhead costs related to these sales. During 2000, CCI

received a distribution from the partnership of a U.S. dollar equivalent of approximately \$25.8 million. Our share of net income from this partnership, which was approximately \$25.4 million in 2000, is included in Sales on the accompanying Consolidated Statements of Income. Also see discussion in Note 13.

In December 2000, we made certain changes to the Canadian partnership arrangement. Also in December 2000, we entered into a brewing and packaging arrangement with Molson in which we will have access to some of Molson's available production capacity in Canada. The Molson capacity available to us under this arrangement is expected to reach an annual contract brewing rate of up to 500,000 barrels over the next few years.

We operate a production joint venture partnership with Owens-Brockway Glass Container, Inc. (Owens), the Rocky Mountain Bottle Company (RMBC), to produce glass bottles at our glass manufacturing facility. The partnership's initial term is until 2005 and can be extended for additional two-year periods. RMBC has a contract to supply our bottle requirements and Owens has a contract to supply bottles for our bottle requirements not met by RMBC. In 2000, RMBC produced approximately 1.1 billion bottles. We purchased all of the bottles produced by RMBC.

The expenditures under this agreement in 2000, 1999 and 1998 were approximately \$86 million, \$69 million and \$67 million, respectively. Our commitment for our 2001 bottle purchases from the joint venture is estimated to be approximately \$86 million. During 2000, we received a \$20.2 million cash distribution from this joint venture. Our share of net income from this partnership is included within Cost of goods sold on the accompanying Consolidated Statements of Income.

In 1994, we formed a 50/50 production joint venture with American National Can Company (ANC) to produce beverage cans and ends at our manufacturing facilities for sale to us and outside customers. In 2000, we purchased all the cans and ends sold by the joint venture. The agreement has an initial term of seven years and can be extended for two additional three-year periods. In 2000, we notified ANC of our intent to terminate the joint venture in 2001. We are evaluating other alternatives, including a new arrangement with Rexam LLC, who recently acquired ANC. The aggregate amount paid to the joint venture for cans and ends in 2000, 1999 and 1998 was approximately \$230 million, \$223 million and \$231 million, respectively. The estimated cost in 2001 under this agreement for cans and ends is \$203 million. Additionally, during 2000, we received an \$8.5 million cash distribution from this joint venture. Our share of net income from this partnership is included within Cost of goods sold on the accompanying Consolidated Statements of Income.

In 1992, we spun off our wholly owned subsidiary, ACX Technologies, Inc., which has subsequently changed its name to Graphic Packaging International Corporation. We are a limited partner in a partnership in which a subsidiary of Graphic Packaging is the general partner. The partnership owns, develops, operates and sells certain real estate previously owned directly by us. Under the agreement, cash distributions and income or losses are allocated equally between the partners until we recover our investment. After we recover our investment, cash distributions are split 80% to the general partner and 20% to CBC, while income or losses are allocated in such a manner to bring our partnership interest to 20%. In late 1999, we recovered our investment. In 2000, we received an \$814,000 cash distribution from the partnership.

Cost investments: In 1991, we entered into an agreement with Colorado Baseball Partnership 1993, Ltd. for an equity investment and multiyear signage and advertising package. This commitment, totaling approximately \$30 million, 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. The carrying value of this investment approximates its fair value at December 31, 2000, and December 26, 1999. During 1998, the agreement was modified to extend the term and expand the conditions of the multiyear signage and advertising package. The recognition of the liability under the multiyear signage and advertising package began in 1995 with the opening of Coors Field. This liability is included in the total advertising and promotion commitment discussed in Note 14.

## NOTE 11:

### Stock Activity and Earnings Per Share

Capital stock: Both classes of common stock have the same rights and privileges, except for voting, which (with certain limited exceptions) is the sole right of the holder of Class A stock.

Activity in our Class A and Class B common stock, net of forfeitures, for each of the three years ended December 31, 2000, December 26, 1999, and December 27, 1998, is summarized below:

|                                 | Common stock |            |
|---------------------------------|--------------|------------|
|                                 | Class A      | Class B    |
| Balances at December 28, 1997   | 1,260,000    | 35,599,356 |
| Shares issued under stock plans | --           | 684,808    |
| Purchases of stock              | --           | (888,858)  |
| Balances at December 27, 1998   | 1,260,000    | 35,395,306 |
| Shares issued under stock plans | --           | 478,390    |



|                                 |           |            |
|---------------------------------|-----------|------------|
| Purchases of stock              | --        | (411,662)  |
| Balances at December 26, 1999   | 1,260,000 | 35,462,034 |
| Shares issued under stock plans | --        | 817,395    |
| Purchases of stock              | --        | (408,308)  |
| Balances at December 31, 2000   | 1,260,000 | 35,871,121 |

At December 31, 2000, December 26, 1999, and December 27, 1998, 25 million shares of \$1 par value preferred stock were authorized but unissued.

The board of directors authorized the repurchase during 2000, 1999 and 1998 of up to \$40 million each year of our outstanding Class B common stock on the open market. During 2000, 1999 and 1998, 308,000 shares, 232,300 shares and 766,200 shares, respectively, were repurchased for approximately \$17.6 million, \$12.2 million and \$24.9 million, respectively, under this stock repurchase program. In November 2000, the board of directors extended the program and authorized the repurchase during 2001 of up to \$40 million of stock.

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

|  | For the years ended                   |                      |                      |
|--|---------------------------------------|----------------------|----------------------|
|  | December 31,<br>2000                  | December 26,<br>1999 | December 27,<br>1998 |
|  | (In thousands, except per share data) |                      |                      |
| Net income available to common shareholders                        | \$109,617                             | \$92,284             | \$67,784             |
| Weighted-average shares for basic EPS                              | 36,785                                | 36,729               | 36,312               |
| Effect of dilutive securities:                                     |                                       |                      |                      |
| Stock options  | 606                                   | 640                  | 1,077                |
| Contingent shares not included in shares outstanding for basic EPS | 59                                    | 88                   | 126                  |
| Weighted-average shares for diluted EPS                            | 37,450                                | 37,457               | 37,515               |
| Basic EPS  | \$2.98                                | \$2.51               | \$1.87               |
| Diluted EPS  | \$2.93                                | \$2.46               | \$1.81               |

The dilutive effects of stock options were arrived at by applying the treasury stock method, assuming we were to repurchase common shares with the proceeds from stock option exercises. Stock options to purchase 6,555 and 871,409 shares of common stock were not included in the computation of 2000 and 1999 earnings per share, respectively, because the stock options' exercise prices were greater than the average market price of the common shares.

## NOTE 12:

### Other Comprehensive Income

|  | Foreign<br>currency<br>translation<br>adjustments | Unrealized<br>gain on available-<br>for-sale securities<br>and derivative<br>instruments<br>(In thousands) | Accumulated<br>other<br>comprehensive<br>income |
|--|---|--|---|
| Balances, December 28, 1997                      | \$(3,796)   | \$ --  | \$(3,796)                                       |
| Foreign currency translation adjustments         | 2,344   |  | 2,344   |
| Unrealized gain on available-for-sale securities |   | 721  | 721   |
| Tax expense                                      | (914)   | (281)  | (1,195)   |
| Balances, December 27, 1998                      | (2,366)   | 440  | (1,926)   |
| Foreign currency translation adjustments         | (5,745)   |  | (5,745)   |
| Unrealized loss on available-for-sale securities |   | (648)  | (648)   |
| Unrealized gain on derivative instruments        |   | 11,159   | 11,159  |
| Tax benefit (expense)                            | 2,226   | (4,073)  | (1,847)   |
| Balances, December 26, 1999                      | (5,885)   | 6,878  | 993   |

|  |         |         |
|--|---------|---------|
| Foreign currency translation adjustments         | 4,460   | 4,460   |
| Unrealized gain on available-for-sale securities | 2,045   | 2,045   |
| Unrealized loss of derivative instruments        | (3,221) | (3,221) |

Reclassification adjustment for net gains released in net income on available-for-sale securities

|   |          |          |
|---|----------|----------|
| and derivative instruments  | (4,058)  | (4,058)  |
| Reclassification adjustment for accumulated translation adjustment of closure of Spain operations | 4,434    | 4,434    |
| Tax (expense) benefit   | (3,380)  | 1,989    |
|   |          | (1,391)  |
| Balances, December 31, 2000   | \$ (371) | \$ 3,633 |
|   |          | \$ 3,262 |

## NOTE 13:

### Segment and Geographic Information

We have one reporting segment relating to the continuing operations of producing, marketing and selling malt-based beverages. Our operations are conducted in the United States, the country of domicile, and several foreign countries, none of which is individually significant to our overall operations. The net revenues from external customers, operating income and pretax income attributable to the United States and all foreign countries for the years ended December 31, 2000, December 26, 1999, and December 27, 1998, are as follows:

2000 1999 1998  
(In thousands)

United States and its territories:

|                          |             |             |             |
|--------------------------|-------------|-------------|-------------|
| Net revenues             | \$2,331,693 | \$2,177,407 | \$2,028,485 |
| Operating income         | \$ 163,563  | \$ 148,823  | \$ 103,411  |
| Pretax income            | \$ 185,082  | \$ 161,281  | \$ 115,880  |
| Other foreign countries: |             |             |             |
| Net revenues             | \$ 82,722   | \$ 59,077   | \$ 43,381   |
| Operating (loss) income  | \$ (12,937) | \$ (8,288)  | \$ 408      |
| Pretax (loss) income     | \$ (15,557) | \$ (10,614) | \$ (4,780)  |

Included in 2000, 1999 and 1998 foreign revenues are earnings from CCI, our investment accounted for using the equity method of accounting (see Note 10). Included in operating income and pretax income are net special charges of \$15.2 million, \$5.7 million and \$19.4 million, for 2000, 1999 and 1998, respectively. The 2000 net special charge included a credit of \$5.4 million related to the United States and its territories and a charge of \$20.6 million related to other foreign countries. The special charges recorded in 1999 and 1998 related entirely to the United States and its territories.

The net long-lived assets located in the United States and its territories and all other foreign countries as of December 31, 2000, and December 26, 1999, are as follows:

|                                   | 2000<br>(In thousands) | 1999      |
|-----------------------------------|------------------------|-----------|
| United States and its territories | \$732,171              | \$705,062 |
| Other foreign countries           | 3,622                  | 8,939     |
| Total                             | \$735,793              | \$714,001 |

The total net export sales (in thousands) during 2000, 1999 and 1998 were \$202,832, \$185,260 and \$150,964, respectively.

## NOTE 14:

### Commitments and Contingencies

**Insurance:** It is our policy to act as a self-insurer for certain insurable risks consisting primarily of employee health insurance programs, workers' compensation and general liability contract deductibles. During 2000, we fully insured future risks for long-term disability, and, in most states, workers' compensation, but maintained a self-insured position for workers' compensation for certain self-insured states and for claims incurred prior to the inception of the insurance coverage in Colorado in 1997.

**Letters of credit:** As of December 31, 2000, we had approximately \$5.6 million outstanding in letters of credit with certain financial institutions. These letters generally expire within 12 months from the dates of issuance, with expiration dates ranging from March 2001 to October 2001. These letters of credit are being maintained as security for performance on certain insurance policies and for operations of underground storage tanks, as well as to secure principal and interest on industrial revenue bonds issued by us.

**Financial guarantees:** We have financial guarantees outstanding on behalf of our subsidiary, Coors Japan, and certain third parties. These subsidiary guarantees are primarily for working capital lines of credit and payments of certain duties and taxes. The third-party guarantees relate to bank loans provided to companies that acquired certain strategic distributorships. At December 31, 2000, our financial guarantees totaled approximately \$17.1 million, of which \$13.9 million were on behalf of our subsidiary, Coors Japan.

**Power supplies:** In 1995, Coors Energy Company (CEC), a fully owned subsidiary of ours, sold a portion of its coal reserves to Bowie Resources Ltd. (Bowie). CEC also entered into a 10-year agreement to purchase 100% of the brewery's coal requirements from Bowie. The coal then is sold to Trigen-Nations Energy Corporation, L.L.L.P. (Trigen).

In 1995, we sold our power plant and support facilities to Trigen. In conjunction with this sale, we agreed to purchase the electricity and steam needed to operate the brewery's Golden facilities through 2020. Our financial commitment under this agreement is divided between a fixed, non-cancelable cost of approximately \$13.7 million for 2001, which adjusts annually for inflation, and a variable cost, which is generally based on fuel cost and our electricity and steam use.

**Supply contracts:** We have various long-term supply contracts with unaffiliated third parties to purchase materials used in production and packaging, such as starch, cans and glass. The supply contracts provide that we purchase certain minimum levels of materials for terms extending through 2005. The approximate future purchase commitments under these supply contracts are:

| Fiscal year | Amount<br>(In thousands) |
|-------------|--------------------------|
| 2001        | \$ 162,000               |
| 2002        | 115,000                  |
| 2003        | 115,000                  |
| 2004        | 115,000                  |
| 2005        | 24,000                   |
| Total       | \$ 531,000               |

Our total purchases (in thousands) under these contracts in fiscal year 2000, 1999 and 1998 were approximately \$149,000, \$108,900 and \$95,600, respectively.

**Graphic Packaging International Corporation:** In 1992, we spun off our wholly owned subsidiary, ACX Technologies Inc., which has subsequently changed its name to Graphic Packaging International Corporation. William K. Coors is a trustee of family trusts that collectively own all of our Class A voting common stock, approximately 31% of our Class B common stock, approximately 43% of Graphic Packaging's common stock and 100% of Graphic Packaging's convertible preferred stock. Peter H. Coors is also a trustee of some of these trusts.

We have a packaging supply agreement with a subsidiary of Graphic Packaging under which we purchase a large portion of our paperboard requirements. This contract expires in 2002. Our purchases under the packaging agreement in 2000 totaled approximately \$112 million. We expect purchases in 2001 under the packaging agreement to be approximately \$133 million.

**Advertising and promotions:** We have various long-term non-cancelable commitments for advertising and promotions, including marketing at sports arenas, stadiums and other venues and events. At December 31, 2000, the future commitments are as follows:

| Fiscal year | Amount<br>(In thousands) |
|-------------|--------------------------|
| 2001        | \$ 37,750                |
| 2002        | 37,205                   |
| 2003        | 12,432                   |
| 2004        | 10,598                   |
| 2005        | 8,297                    |
| Thereafter  | 19,244                   |
| Total       | \$125,526                |

**Environmental:** We were one of numerous parties named by the Environmental Protection Agency (EPA) as a "potentially responsible party" at the Lowry site, a landfill owned by the City and County of Denver. In 1990, we recorded a special pretax charge of \$30 million, representing our portion, for potential cleanup costs of the site based upon an assumed present value of \$120 million in total site remediation costs. We also

agreed to pay a specified share of costs if total remediation costs exceeded this amount.

The City and County of Denver; Waste Management of Colorado, Inc.; and Chemical Waste Management, Inc. are expected to implement site remediation. Chemical Waste Management's projected costs to meet the remediation objectives and requirements are currently below the \$120 million assumption. We have no reason to believe that total remediation costs will result in additional liability to us.

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

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

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

In August 2000, an accidental spill into Clear Creek at our Golden, Colorado, facility caused damage to some of the fish population in the creek. As a result, we are required to pay certain fines or other costs by implementing a supplemental environmental project. We settled with the Colorado Department of Public Health and Environment regarding violations of our permit in the amount of \$98,000 on February 22, 2001. This money will be paid to the Clear Creek Watershed Foundation to construct a waste rock repository in Clear Creek County. We have not yet settled with the Division of Wildlife for damage to the fish population but have proposed funding the remaining costs for construction of the waste rock repository.

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

**Litigation:** We are also named as a defendant in various actions and proceedings arising in the normal course of business. In all of these cases, we are denying the allegations and are vigorously defending ourselves against them and, in some instances, have filed counterclaims. Although the eventual outcome of the various lawsuits cannot be predicted, it is management's opinion that these suits will not result in liabilities that would materially affect our financial position or results of operations.

**Restructuring:** At December 31, 2000, we had a \$2.2 million liability related to personnel accruals as a result of a restructuring of operations that occurred in 1993. These accruals relate to obligations under deferred compensation arrangements and postretirement benefits other than pensions. For the restructuring liabilities incurred during 2000, 1999 and 1998, see discussion at Note 9.

**Labor:** Approximately 8% of our work force, located principally at the Memphis brewing and packaging facility, is represented by a labor union with whom we engage in collective bargaining. A labor contract prohibiting strikes took effect in early 1997 and extends to 2001.

## **NOTE 15:**

### **Quarterly Financial Information (Unaudited)**

The following summarizes selected quarterly financial information for each of the two years in the period ended December 31, 2000.

In 2000 and 1999, certain adjustments were made which were not of a normal and recurring nature. As described in Note 9, income in 2000 was decreased by a net special pretax charge of \$15.2 million, or \$0.13 per basic share (\$0.13 per diluted share) after tax, and income in 1999 was decreased by a special pretax charge of \$5.7 million, or \$0.10 per basic share (\$0.10 per diluted share) after tax. Refer to Note 9 for a further discussion of special charges.

During the fourth quarter of 2000, we reduced our total expenses by approximately \$3.1 million when certain estimates for employee benefits and other liabilities were adjusted based upon updated information that we received in the normal course of business. Partially as a result of these favorable adjustments, we increased certain other spending in the fourth quarter, primarily for advertising, for a comparable amount.

| 2000              | First                                 | Second    | Third     | Fourth    | Year        |
|-------------------|---------------------------------------|-----------|-----------|-----------|-------------|
|                   | (In thousands, except per share data) |           |           |           |             |
| Gross sales       | \$596,789                             | \$788,921 | \$773,535 | \$682,493 | \$2,841,738 |
| Beer excise taxes | ( 91,360)                             | (119,108) | (116,459) | (100,396) | (427,323)   |
| Net sales         | 505,429                               | 669,813   | 657,076   | 582,097   | 2,414,415   |

|  |                                       |           |           |           |             |
|--|---------------------------------------|-----------|-----------|-----------|-------------|
| Cost of goods sold                     | (326,919)                             | (404,570) | (413,314) | (381,026) | (1,525,829) |
| Gross profit                           | \$178,510                             | \$265,243 | \$243,762 | \$201,071 | \$ 888,586  |
| Net income                             | \$ 14,819                             | \$ 48,344 | \$ 34,492 | \$ 11,962 | \$ 109,617  |
| Net income per<br>common share-basic   | \$ 0.40                               | \$ 1.32   | \$ 0.94   | \$ 0.32   | \$ 2.98     |
| Net income per<br>common share-diluted | \$ 0.40                               | \$ 1.29   | \$ 0.92   | \$ 0.32   | \$ 2.93     |
| 1999                                   | First                                 | Second    | Third     | Fourth    | Year        |
|  | (In thousands, except per share data) |           |           |           |             |
| Gross sales                            | \$563,774                             | \$741,766 | \$697,605 | \$639,567 | \$2,642,712 |
| Beer excise taxes                      | (85,972)                              | (115,123) | (107,029) | (98,104)  | (406,228)   |
| Net sales                              | 477,802                               | 626,643   | 590,576   | 541,463   | 2,236,484   |
| Cost of goods sold                     | (310,322)                             | (366,295) | (367,089) | (353,545) | (1,397,251) |
| Gross profit                           | \$167,480                             | \$260,348 | \$223,487 | \$187,918 | \$ 839,233  |
| Net income                             | \$ 11,982                             | \$ 46,231 | \$ 21,836 | \$ 12,235 | \$ 92,284   |
| Net income per<br>common share-basic   | \$ 0.33                               | \$ 1.26   | \$ 0.59   | \$ 0.33   | \$ 2.51     |
| Net income per<br>common share-diluted | \$ 0.32                               | \$ 1.23   | \$ 0.58   | \$ 0.33   | \$ 2.46     |

## NOTE 16:

### Subsequent Event

In January 2001, we entered into a joint venture partnership agreement with Molson, Inc. and paid \$65 million for our 49.9% interest in the joint venture. The joint venture, known as Molson USA, LLC, will import, market, sell and distribute Molson's brands of beer in the United States. Under the agreement, the joint venture owns the exclusive right to import Molson brands into the United States, including Molson Canadian, Molson Golden, Molson Ice and any Molson brands that may be developed in the future for import into the United States. We will be responsible for the sales of these brands. Production for these brands will be handled in Canada by Molson and marketing of these brands will be managed by the joint venture.

## ITEM 9. Disagreements on Accounting and Financial Disclosure

None.

## PART III

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

### (a) Directors

WILLIAM K. COORS (Age 84) is chairman of the board of Adolph Coors Company (ACC) and has served in such capacity since 1970. He was president from 1989 until May 11, 2000. He has served as a director since 1940. He is the chairman of the Executive Committees of ACC and Coors Brewing Company (CBC). He is also a director of CBC and Graphic Packaging International, Inc. (Graphic).

PETER H. COORS (Age 54) is chairman of CBC and was chief executive officer until May 2000. He has been a director of ACC and CBC since 1973. Prior to 1993, he served as executive vice president and chairman of the brewing division, before it was organized as CBC. He served as interim treasurer and chief financial officer of ACC from December 1993 to February 1995. He has served in a number of different executive and management positions for CBC. Since March 1996, he has been a director of U.S. Bancorp. He also has been a director of Energy Corporation of America since March 1996.

W. LEO KIELY III (Age 54) became president and chief operating officer of CBC as of March 1, 1993, and was named chief executive officer in May 2000. He has been a director of ACC and CBC since August 1998. Prior to joining CBC, he held executive positions with Frito-Lay, Inc., a subsidiary of PepsiCo in Plano, Texas. He also serves on the board of directors of Sunterra Resorts, Inc., and the SEI Center for Advanced Studies Board for the Wharton School of Finance.

LUIS G. NOGALES (Age 57) has served as one of our directors since 1989. He is a member of the Audit Committee and chairman of the Compensation Committee. From 1990 to the present, he has served as president of Nogales Partners, an acquisition firm. He was chairman and chief executive officer of Embarcadero Media (1992-1997); 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). He is also a director of Edison International, Kaufman and Broad Home Corporation and Kaufman and Broad S.A., and serves as trustee of the Ford Foundation and the J. Paul Getty Trust.

PAMELA H. PATSLEY (Age 44) has served as a director since November 1996. She chairs the Audit Committee and is a member of the Compensation Committee. In March 2000, she became executive vice president of First Data Corp. and president of First Data Merchant Services, First Data Corp.'s merchant processing enterprise, which also includes the TeleCheck check guarantee and approval business. Prior to joining First Data, Patsley served as president, chief executive officer and director of Paymentech. She began her Paymentech career as a founding officer of First USA, Inc. when it was established in 1985. Before joining First USA, Patsley was with KPMG Peat Marwick. She is also a director of Message Media, Inc.

WAYNE R. SANDERS (Age 53) has served as a director since February 1995. He is a member of the Compensation Committee and the Audit Committee. He is chairman of the board and chief executive officer of Kimberly-Clark Corporation in Dallas. Sanders joined Kimberly Clark in 1975 and has served in a number of positions there over the years. He was named to his current position in 1992. He was elected to Kimberly Clark's board of directors in August 1989. He is also a director of Texas Instruments Incorporated and Chase Bank of Texas.

ALBERT C. YATES (Age 58) has served as a director since August 1998. He is a member of the Compensation Committee and the Audit Committee. He is president of Colorado State University in Fort Collins, Colorado, and chancellor of Colorado State University System. He is a member of the board of the Federal Reserve Board of Kansas City- Denver Branch and has served on the board of First Interstate Bank.

Joseph Coors retired from our board in May 2000 and was elected a director emeritus. William K. Coors and Joseph Coors are brothers. Peter H. Coors is a son of Joseph Coors.

#### (b) Executive Officers

Of the above directors, William K. Coors, Peter H. Coors and W. Leo Kiely III are executive officers of ACC and CBC. The following also were executive officers of ACC and/or CBC at March 1, 2001:

DAVID G. BARNES (Age 39) joined us in March 1999 as vice president of finance and treasury. Prior to joining us, he was based in Hong Kong as vice president of finance and development for Tricon Global Restaurants. At Tricon, he also held positions as vice president of mergers and acquisitions and vice president of planning. From 1990- 1994, he worked at Asea Brown Boveri in various strategy, planning and development roles of increasing responsibility. He started his career at Bain and Company where he worked as a consultant for 5 years.

CARL L. BARNHILL (Age 52) was named senior vice president of sales in May 1994. He has more than 20 years of marketing experience with consumer goods companies. Previously, he was vice president of selling systems development for the European and Middle East division of Pepsi Foods International. Prior to joining Pepsi in 1993, he spent 16 years with Frito-Lay, Inc. in various senior sales and marketing positions.

L. DON BROWN (Age 55) joined us in July 1996 as senior vice president of container operations and technology. Mr. Brown has announced his retirement effective in June 2001 and is currently serving in a reduced capacity. Prior to joining us, he served as senior vice president of manufacturing and engineering at Kraft Foods where his responsibilities included manufacturing, engineering and operations quality functions. During his years at Kraft from 1971-1996, he held several positions of increasing responsibility in the manufacturing and operations areas.

PETER M. R. KENDALL (Age 54) joined us in January 1998 as senior vice president and chief international officer. Before joining Coors, he was executive vice president of operations and finance for Sola International, Inc., a manufacturer and marketer of eyeglass lenses in Menlo Park, California. From 1995-1996, Kendall was president of international book operations for McGraw Hill Companies. From 1981- 1994, Kendall worked in leadership positions for Pepsi International, PepsiCo and PepsiCo Wines and Spirits. Prior to working for Pepsi, he spent six years at McKinsey & Co. in New York.

ROBERT D. KLUGMAN (Age 53) was named our senior vice president of corporate development in May 1994. In 1993, he served as vice president of corporate development. Prior to 1993, he was vice president of brand marketing, and also served as vice president of international, development and marketing services. Before joining us, Klugman was a vice president of client services at Leo Burnett USA, a Chicago-based advertising agency.

OLIVIA M. THOMPSON (Age 50) was named our vice president and controller in August 1997. Prior to joining us, she was vice president of finance and systems for Kraft Foods, Inc.'s Foodservice Division. Ms. Thompson also previously served as vice president of business analysis for Kraft Foods. Prior to joining Kraft, she worked at Inland Steel Industries, where she served as vice president of finance and corporate controller.

M. CAROLINE TURNER (Age 51) has been senior vice president since February 1997, and general counsel since 1993. In March 2000, she was also named Corporate Secretary. Previously, she served as vice president and assistant secretary. Since joining us in 1986, she has served primarily as our chief legal officer. Prior to joining us, she was a partner at the law firm of Holme Roberts & Owen.

WILLIAM H. WEINTRAUB (Age 58) was named as our senior vice president of marketing in 1994. He joined us as vice president of marketing in July 1993. Prior to joining us, he directed marketing and advertising for Tropicana Products as senior vice president. From 1982-

1991, Mr. Weintraub was with the Kellogg Company, with responsibility for marketing and sales.

TIMOTHY V. WOLF (Age 47) was named vice president and chief financial officer of ACC and senior vice president and chief financial officer of CBC in February 1995. Prior to CBC, he served as senior vice president of planning and human resources for Hyatt Hotels Corporation from 1993-1994 and in several executive positions for The Walt Disney Company, including vice president, controller and chief accounting officer, from 1989-1993. Prior to Disney, Wolf spent 10 years in various financial planning, strategy and control roles at PepsiCo. He currently serves on the Science and Technology Commission for the State of Colorado.

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 meeting of Class A voting shareholders held in May. There are no arrangements or understandings between any officer or director pursuant to which any officer or director was elected.

## ITEM 11. Executive Compensation

### I. SUMMARY COMPENSATION TABLE

|   |      | ANNUAL COMPENSATION |               |                           | LONG-TERM COMPENSATION   |                                      |                                |                        |  |
|---|------|---------------------|---------------|---------------------------|--------------------------|--------------------------------------|--------------------------------|------------------------|--|
|   |      |                     |               |                           | AWARDS                   | PAYOUTS                              |                                |                        |  |
| NAME & PRINCIPAL POSITION   | YEAR | SALARY (\$)         | BONUS (\$)(a) | OTHER ANNUAL COMP (\$)(b) | RESTRICTED STOCK (\$)(c) | SECURITIES UNDERLYING OPTIONS (#)(d) | LTI <sup>1</sup> PAY-OUTS (\$) | ALL OTHER COMP (\$)(e) |  |
| William K. Coors, Chairman of the Board of Adolph Coors Company                         | 2000 | 339,360             | 0             | 153,334                   | 0                        | 0                                    | 0                              | 0                      |  |
|   | 1999 | 320,800             | 0             | 0                         | 0                        | 0                                    | 0                              | 0                      |  |
|   | 1998 | 307,100             | 0             | 0                         | 0                        | 0                                    | 0                              | 0                      |  |
| Peter H. Coors, President of Adolph Coors Company, Chairman of Coors Brewing Company    | 2000 | 726,750             | 563,760       | 0                         | 0                        | 170,908                              | 0                              | 78,699                 |  |
|   | 1999 | 655,765             | 380,294       | 0                         | 0                        | 62,751                               | 0                              | 55,504                 |  |
|   | 1998 | 599,065             | 292,032       | 0                         | 241,484                  | 82,200                               | 0                              | 32,807                 |  |
| W. Leo Kiely III, Vice President of Adolph Coors Company & CEO of Coors Brewing Company | 2000 | 569,250             | 428,644       | 0                         | 0                        | 103,708                              | 0                              | 57,139                 |  |
|   | 1999 | 516,750             | 304,722       | 0                         | 0                        | 87,429                               | 0                              | 41,723                 |  |
|   | 1998 | 468,000             | 271,500       | 0                         | 76,496                   | 50,514                               | 0                              | 43,653                 |  |
| L. Don Brown, Senior VP, Operations & Technology of Coors Brewing Company (f)           | 2000 | 392,700             | 191,636       | 0                         | 0                        | 18,656                               | 0                              | 18,432                 |  |
|   | 1999 | 367,502             | 166,672       | 0                         | 0                        | 15,218                               | 0                              | 18,132                 |  |
|   | 1998 | 374,504             | 144,202       | 61,476                    | 42,008                   | 18,859                               | 0                              | 21,195                 |  |

Timothy V. Wolf,

Senior VP & CFO 2000 360,500 189,525 0 0 35,024 0 11,835 of Coors Brewing 1999 343,020 160,022 0 0 28,790 0 11,535 Company 1998 326,528 130,611 0 38,033 17,081 0 13,684

(a) Amounts awarded under the Management Incentive Compensation Program.

(b) In 2000, William K. Coors received compensation under our non-qualified supplemental executive retirement plan of \$146,595. This plan is offered in addition to the qualified retirement income plan to executive officers whose salaries exceed \$170,000. Of the payment made in 2000, \$46,435 related to 1999 and \$100,160 to 2000. In 1999, none of the named executives received perquisites in excess of the lesser of \$50,000 or 10% of salary plus bonus. In 1998, L. Don Brown received perquisites including moving and relocation expenses of \$31,476.

(c) In 1999, the 45,390 shares of restricted stock which were granted to L. Don Brown in 1996 vested. The value at vesting date was \$2,282,268. No restricted stock grants were made to any of the named executives during 2000 or 1999. In 1998, 6,743 shares of restricted stock were granted to Peter H. Coors, 2,136 shares to W. Leo Kiely III, 1,173 shares to L. Don Brown and 1,062 shares to Timothy V. Wolf. These restricted stock awards have a three-year vesting period from the date of grant and are based on continuous service during the vesting period. Dividends are paid to the holder of the grant during the vesting period. The values of the unvested 1998 restricted stock grants as of December 31, 2000 were as follows:

Peter H. Coors - \$333,779; W. Leo Kiely III - \$171,548; L. Don Brown - \$94,207; and Timothy V. Wolf - \$85,292.

(d) See discussion under Item 11, Part II, for options issued in 2000.

(e) The amounts shown in this column are attributable to the officer life insurance other than group life, as well as 401(k) match.

(f) Mr. Brown has announced his retirement effective June 25, 2001. As of the date of this filing, he is serving in a reduced capacity.

Of the named executives, Peter H. Coors receives officer life insurance provided by us until retirement. At the time of retirement, the officer's life insurance program terminates and a salary continuation agreement becomes effective. The officer's life insurance provides six times the executive base salary until retirement, at which time we become the beneficiary. We provide term life insurance for W. Leo Kiely III, L. Don Brown and Timothy V. Wolf. The officer's life insurance provides six times the executive base salary until retirement when the benefit terminates. The 2000 annual benefit for each executive was: Peter H. Coors - \$73,599; W. Leo Kiely III - \$52,039; L. Don Brown - \$13,332; and Timothy V. Wolf - \$6,735.

Our 50% match on the first 6% of salary contributed by the officer to ACC's qualified 401(k) plan was \$5,100 each for Peter H. Coors, W. Leo Kiely III, L. Don Brown and Timothy V. Wolf. Peter H. Coors, W. Leo Kiely III and Timothy V. Wolf exercised stock options in 2000. See discussion in Item 11, Part III, for stock option exercises in 2000.

In response to Code Section 162 of the Revenue Reconciliation Act of 1993, we appointed a special compensation committee to approve and monitor performance criteria in certain performance-based executive compensation plans for 2000.

## II. OPTION/SAR GRANTS TABLE

### Option Grants in Last Fiscal Year

|                  | Individual Grants                                       |  |                                   |                 | Potential Realizable Value at Assumed Rates of Stock Price Appreciation for Option Terms |             |
|------------------|---|--|-----------------------------------|-----------------|--|-------------|
|                  | Number of Securities Underlying Options Granted (#) (a) | % of Total Options Granted to Employees in Fiscal Year | Exercise or Base Price (\$/Share) | Expiration Date | 5%   | 10%         |
|                  |   |  |                                   |                 |  |             |
| Peter H. Coors   | 71,956  | 6.1%   | \$51.5938                         | 01/03/10        | \$2,334,761  | \$5,916,743 |
|                  | 76,645  | 6.5%   | \$48.4375                         | 02/17/10        | \$2,334,766  | \$5,916,756 |
|                  | 15,752  | 1.3%   | \$60.5313                         | 05/24/10        | \$ 599,644   | \$1,519,616 |
|                  | 6,555   | 0.6%   | \$75.2188                         | 12/22/10        | \$ 310,082   | \$ 785,809  |
| W. Leo Kiely III | 45,790  | 3.9%   | \$51.5938                         | 01/03/10        | \$1,485,751  | \$3,765,185 |
|                  | 48,774  | 4.1%   | \$48.4375                         | 02/17/10        | \$1,485,758  | \$3,765,202 |
|                  | 9,144   | 0.8%   | \$63.1563                         | 08/17/10        | \$ 363,187   | \$ 920,388  |
| L. Don Brown     | 18,656  | 1.6%   | \$51.5938                         | 01/03/10        | \$ 605,332   | \$1,534,031 |
| Timothy V. Wolf  | 16,959  | 1.4%   | \$51.5938                         | 01/03/10        | \$ 550,270   | \$1,394,492 |
|                  | 18,065  | 1.5%   | \$48.4375                         | 02/17/10        | \$ 550,298   | \$1,394,562 |

(a) Grants vest one-third in each of the three successive years after the date of grant. As of December 31, 2000, the 2000 grants were 0% vested because of the one-year vesting requirement; however, they will vest 33- 1/3% on the one-year anniversary of the grant dates.

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

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

| NAME           | Value                           |                    | NUMBER OF SECURITIES UNDERLYING UN-EXERCISED OPTIONS AT FY-END (#) |                | VALUE OF UN-EXERCISED IN-THE-MONEY OPTIONS AT FY-END |                |
|----------------|---------------------------------|--------------------|--|----------------|--|----------------|
|                | SHARES ACQUIRED ON EXERCISE (#) | VALUE REALIZED (a) | Exer-cisable   | Unexer-cisable | Exer-cisable   | Unexer-cisable |
|                |                                 |                    |  |                |  |                |
| Peter H. Coors | 221,256                         | \$11,849,562       | 120,233  | 214,251        | \$4,668,308  | \$6,781,393    |
| W. Leo         |                                 |                    |  |                |  |                |



|                 |        |           |         |         |             |             |
|-----------------|--------|-----------|---------|---------|-------------|-------------|
| Kiely III       | 15,000 | \$544,544 | 158,423 | 178,833 | \$8,120,836 | \$5,263,142 |
| L. Don Brown    | 0      | 0         | 109,577 | 35,089  | \$6,511,526 | \$1,095,051 |
| Timothy V. Wolf | 14,713 | \$628,026 | 20,983  | 59,912  | \$764,443   | \$1,087,457 |

(a) Values stated are the bargain element realized in 2000, which is the difference between the option price and the market price at the time of exercise.

#### IV. PENSION PLAN TABLE

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

#### AVERAGE ANNUAL YEARS OF SERVICE COMPENSATION

|            | 10       | 20         | 30         | 40         |
|------------|----------|------------|------------|------------|
| \$125,000  | \$25,000 | \$50,000   | \$75,000   | \$100,000  |
| 150,000    | 30,000   | 60,000     | 90,000     | 120,000    |
| 175,000(a) | 35,000   | 70,000     | 105,000    | 140,000(a) |
| 200,000(a) | 40,000   | 80,000     | 120,000    | 160,000(a) |
| 225,000(a) | 45,000   | 90,000     | 135,000(a) | 180,000(a) |
| 250,000(a) | 50,000   | 100,000    | 150,000(a) | 200,000(a) |
| 275,000(a) | 55,000   | 110,000    | 165,000(a) | 220,000(a) |
| 300,000(a) | 60,000   | 120,000    | 180,000(a) | 240,000(a) |
| 325,000(a) | 65,000   | 130,000    | 195,000(a) | 260,000(a) |
| 350,000(a) | 70,000   | 140,000(a) | 210,000(a) | 280,000(a) |
| 375,000(a) | 75,000   | 150,000(a) | 225,000(a) | 300,000(a) |
| 400,000(a) | 80,000   | 160,000(a) | 240,000(a) | 320,000(a) |
| 425,000(a) | 85,000   | 170,000(a) | 255,000(a) | 340,000(a) |
| 450,000(a) | 90,000   | 180,000(a) | 270,000(a) | 360,000(a) |
| 475,000(a) | 95,000   | 190,000(a) | 285,000(a) | 380,000(a) |
| 500,000(a) | 100,000  | 200,000(a) | 300,000(a) | 400,000(a) |
| 525,000(a) | 105,000  | 210,000(a) | 315,000(a) | 420,000(a) |
| 550,000(a) | 110,000  | 220,000(a) | 330,000(a) | 440,000(a) |
| 575,000(a) | 115,000  | 230,000(a) | 345,000(a) | 460,000(a) |
| 600,000(a) | 120,000  | 240,000(a) | 360,000(a) | 480,000(a) |

(a) Maximum permissible benefit under ERISA from the qualified retirement income plan for 2000 was \$135,000. Annual compensation exceeding \$170,000 is not considered in computing the maximum permissible benefit 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.

Annual average compensation covered by the qualified and non-qualified retirement plans and credited years of service for individuals named in Item 11(a) are as follows: William K. Coors - \$317,420 and 61 years; Peter H. Coors - \$655,527 and 29 years; W. Leo Kiely III - \$518,000 and 7 years; L. Don Brown - \$378,235 and 5 years; and Timothy V. Wolf - \$343,349 and 6 years.

Our 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. In November 1998, our board of directors approved changes to one of our defined benefit pension plans. The changes were effective July 1, 1999, and will generally increase the benefits by approximately 20%. Also in conjunction with this plan amendment, a \$48 million contribution was made in January 1999 and that contribution's ratio to total compensation was approximately 20%. Covered compensation is defined as the total base salary (average of three highest consecutive years out of the last 10) 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 age under the plan is 65. An employee with at least 5 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; however, benefits are not reduced if: (1) the employee is at least age 62 when payments commence; or (2) the employee's age plus years of service equal at least 85 and the employee has worked for us at least 25 years. The amount of pension actuarially accrued under the pension formula is based on a single life annuity.

In addition to the annual benefit from the qualified retirement plan, Peter H. Coors is covered by a salary continuation agreement. This agreement provides 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. 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 2000 eligible salary amounts as representative of the last annual base salary, the estimated lump sum amount for Peter H. Coors would be based upon an annual benefit of \$222,750, paid upon normal retirement.

## V. COMPENSATION OF DIRECTORS

We adopted the Equity Compensation Plan for Non-Employee Directors (EC Plan) effective as amended and restated August 14, 1997. The EC Plan provides for two grants of ACC's Class B common stock (non-voting) 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 fair 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. We reserved 50,000 shares of stock to be issued under the EC Plan. The NE directors' annual retainer is \$36,000.

In 2000, the NE members of the board of directors were paid 50% of the \$36,000 annual retainer for the 1999-2000 term and 50% of the \$36,000 annual retainer for the 2000-2001 term, as well as reimbursement of expenses incurred to perform their duties as directors. Directors who are our full-time employees receive \$18,000 annually. All directors are reimbursed for any expenses incurred while attending board or committee meetings and in connection with any other business.

## VI. EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT ARRANGEMENTS

Except for agreements with certain of our executive officers relating to their employment upon a change of control of our Company, we have no agreements with executives or employees providing employment for a set period. The change in control agreements, which apply to certain officers of Coors Brewing Company, generally provide that, for a period of 2 years following a change of control as defined in the agreements, the officer will be entitled to certain compensation upon certain triggering events. These events include: termination without cause, resignation for good reason, or resignation by the officer for any reason during a 30 day window beginning one year after a change of control. Upon a triggering event, officers would be paid a multiple of their annual salary and bonus, plus health, pension and life insurance benefits for additional years. For the chairman and the chief executive officer, the compensation would equal three times annual salary and bonus, plus benefits for the equivalent of three years coverage, plus three years credit for additional service toward pension benefits. All other officers who are party to these agreements would receive two times annual salary and bonus, plus two years equivalent benefit coverage, plus credit for two years additional service toward pension benefits.

Under our equity incentive plan, vesting of stock options held by a participant would not be accelerated upon a change of control unless the transaction were not approved by the Board. Under the agreements, if the Board is unsuccessful in negotiating a one-year exercise period for substitute options issued following a change of control, then vesting of any substitute options received by the officer from the successor company would be accelerated if the officer is terminated without cause or resigns for good reason within two years of the change of control. The agreements also contain other provisions including payment of outplacement fees, a gross-up provision for any excise tax that is triggered by payments under the CIC agreement and the reimbursement of reasonable legal fees incurred by the officer in any dispute about the agreement.

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.

Under the 1990 Equity Incentive Plan, if there is a change in our ownership, the options and restricted shares vest immediately.

## VII. COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Luis G. Nogales, Pamela H. Patsley, Wayne R. Sanders and Albert C. Yates served on the Compensation Committee during 2000.

## VIII. AUDIT COMMITTEE REPORT

The Audit Committee of our Board of Directors is composed of four independent directors and operates under a written charter adopted by the Board of Directors. The Audit Committees' primary duties and responsibilities are to:

- monitor the integrity of our financial reporting process, the system of internal controls and significant legal matters and ethics.
- review and appraise the independence and performance of our internal auditors and independent accountants.
- provide an open avenue of communication for the independent accountants, financial and senior management, internal auditors and the Board of Directors.

The Committee held seven meetings during the fiscal year ended December 31, 2000. Discussions were held with our management and the independent auditors. Management represented to the Committee that our consolidated financial statements were prepared in accordance with generally accepted accounting principles. The Committee has reviewed and discussed the consolidated financial statements with our management and the independent auditors. The Committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

In addition, the Committee has discussed with the independent auditors the auditors' independence, including the matters in the written disclosures and the letter we received from the auditors, as required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). The fees billed by the auditors for non-audit services were also considered in the discussions of independence.

Based on the Committees' reviews and discussions referred to above, the Committee recommended that the Board of Directors include our audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2000.

Submitted by the Audit Committee,  
Pamela H. Patsley (Chair)  
Luis G. Nogales  
Wayne R. Sanders  
Albert C. Yates

## IX. INDEPENDENT PUBLIC ACCOUNTANTS' FEES

During fiscal year 2000, fees billed for professional services rendered by PricewaterhouseCoopers LLP, our independent public accountants, were as follows:

|   |              |
|---|--------------|
| -Audit fees   | \$ 623,182   |
| -Financial information systems design and implementation fees | 0            |
| -All other fees   | 1,675,833    |
| Total fees  | \$ 2,299,015 |

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

### (a)(b) Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of March 15, 2001, as to the beneficial ownership of Class A Stock and Class B Stock by beneficial owners of more than five percent of our Class A Stock and Class B Stock, each director, our named executive officers and by all directors and executive officers as group. Unless otherwise indicated, the person or persons named have sole voting and investment power and that person's address is c/o Adolph Coors Company, 311 10th Street, P.O. Box 4030, Golden, Colorado 80401. Shares of common stock subject to options currently exercisable or exercisable within 60 days following the date of the tables are deemed outstanding for computing the share ownership and percentage of the person holding such options, but are not deemed outstanding for computing the percentage of any other person.

| Name of Beneficial Owner   | Amount and Nature of Beneficial Ownership |                      |                          |                      |
|--|---|----------------------|--------------------------|----------------------|
|  | Number of Class A Shares                  | Percent of Class (1) | Number of Class B Shares | Percent of Class (1) |
| Adolph Coors, Jr. Trust,<br>William K. Coors, Jeffrey H. Coors, Peter H. Coors, J. Bradford Coors and Melissa E. Coors, trustees | 1,260,000(2)                              | 100.0%               | 2,940,000(2)             | 8.1%                 |
| William K. Coors   | 0   | 0.0%                 | 2,910,787(2)(3)          | 8.0%                 |
| Peter H. Coors   | 0   | 0.0%                 | 2,945,325(2)(4)          | 8.1%                 |
| May K. Coors Trust(5)  | 0   | 0.0%                 | 2,589,980                | 7.2%                 |
| W. Leo Kiely III   | 0   | 0.0%                 | 250,348(6)               | *                    |
| Luis G. Nogales  | 0   | 0.0%                 | 2,429(7)                 | *                    |
| Pamela H. Patsley  | 0   | 0.0%                 | 1,748(7)                 | *                    |
| Wayne R. Sanders   | 0   | 0.0%                 | 5,846(7)                 | *                    |
| Albert C. Yates  | 0   | 0.0%                 | 565(7)                   | *                    |
| L. Don Brown   | 0   | 0.0%                 | 35,860(8)                | *                    |
| Timothy V. Wolf  | 0   | 0.0%                 | 50,349(9)                | *                    |
| All directors and executive officers as a group, including persons named above (19 persons)                                      | 0   | 0.0%                 | 13,257,679               | 35.9%                |

\* Less than one percent.

(1) Based solely upon reports of beneficial ownership required filed with the Securities and Exchange Commission pursuant to Rule 13d-1 under the Securities and Exchange Act of 1934, we do not believe that any other person beneficially owned, as of March 15, 2001, greater than five percent of our outstanding Class B Stock.

(2) William K. Coors and Peter H. Coors disclaim beneficial ownership of the shares held by the Adolph Coors, Jr. Trust.

(3) This includes 2,589,980 shares owned by the May K. Coors Trust of which William K. Coors disclaims beneficial ownership. It does not include an aggregate of 14,160,114 shares of Class B common stock owned by a number of other trusts that hold the shares for the benefit of

certain Coors family members. William K. Coors is a beneficiary of certain of these trusts. The Commission does not require disclosure of these shares.

(4) This includes 2,589,980 shares owned by the May K. Coors Trust of which Peter H. Coors disclaims beneficial ownership. It does not include an aggregate of 4,801,691 shares of Class B common stock owned by a number of other trusts that hold the shares for the benefit of certain Coors family members. Peter H. Coors is a beneficiary of certain of these trusts. The Commission does not require disclosure of these shares. This includes 2,660 shares held in the names of Peter H. Coors's wife and some of his children, as to which he disclaims beneficial ownership. This number includes options to purchase 214,501 shares of Class B common stock exercisable within 60 days.

(5) William K. Coors, Joseph Coors, Jr., Jeffrey H. Coors and Peter H. Coors serve as co-trustees.

(6) This number includes options to purchase 235,925 shares of Class B common stock exercisable within 60 days.

(7) These shares were issued as restricted stock under our 1991 Equity Compensation Plan for Non-Employee Directors. Vesting in the restricted stock occurs at the end of the one-year term for outside directors. These numbers include the following number of shares which will vest in May 2001: Luis G. Nogales, 122; Pamela H. Patsley, 292; Wayne R. Sanders, 122; Albert C. Yates, 365.

(8) This number includes options to purchase 35,222 shares of Class B common stock exercisable within 60 days. Mr. Brown has announced his retirement effective June 2001 and is currently serving in a reduced capacity.

(9) This number includes options to purchase 47,948 shares of Class B common stock exercisable within 60 days.

(c) Changes in Control

There are no arrangements that would later result in a change of our control.

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

(a) Transactions with Management and Others

None.

(b) Certain Business Relationships

In 1992, we spun off our wholly owned subsidiary, ACX Technologies, Inc., which has subsequently changed its name to Graphic Packaging International Corporation. William K. Coors is a trustee of family trusts that collectively own all of our Class A voting common stock, approximately 31% of our Class B common stock, approximately 43% of Graphic Packaging's common stock and 100% of Graphic Packaging's convertible preferred stock. Peter H. Coors is also a trustee of some of these trusts.

We have a packaging supply agreement with a subsidiary of Graphic Packaging under which we purchase a large portion of our paperboard requirements. This contract expires in 2002. Our purchases under the packaging agreement in 2000 totaled approximately \$112 million. We expect purchases in 2001 under the packaging agreement to be approximately \$133 million.

We are also a limited partner in a real estate development partnership in which a subsidiary of Graphic Packaging is the general partner. The partnership owns, develops, operates and sells certain real estate previously owned directly by us. In 2000, we received distributions of \$814,000 from this partnership.

(c) Indebtedness of Management

No member of management or another with a direct or indirect interest in us was indebted to us in excess of \$60,000 in 2000.

**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:

## Schedule II - Valuation and Qualifying Accounts

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 Schedule

**To the Board of Directors and Shareholders of Adolph Coors Company:**

Our audits of the consolidated financial statements referred to in our report dated February 7, 2001, appearing on page 32 of this Form 10-K also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

**PricewaterhouseCoopers LLP**

Denver, Colorado  
February 7, 2001

### SCHEDULE II

#### ADOLPH COORS COMPANY AND SUBSIDIARIES VALUATION AND QUALIFYING ACCOUNTS

|  | Balance at<br>beginning<br>of year | Additions<br>charged to<br>costs and<br>expenses | Deductions<br>(In thousands) | Balance<br>at end<br>of year |
|--|------------------------------------|--|------------------------------|------------------------------|
| Allowance for doubtful<br>accounts                 |                                    |  |                              |                              |
| Year ended   |                                    |  |                              |                              |
| December 31, 2000                                  | \$ 55                              | \$ 84  | \$ -- (a)                    | \$ 139                       |
| December 26, 1999                                  | \$ 299                             | \$ 53  | (\$ 297) (a)                 | \$ 55                        |
| December 27, 1998                                  | \$ 557                             | \$ 42  | (\$ 300) (a)                 | \$ 299                       |
| Allowance for certain<br>claims                    |                                    |  |                              |                              |
| Year ended   |                                    |  |                              |                              |
| December 31, 2000                                  | \$ 133                             | \$ --  | (\$ 29) (a)                  | \$ 104                       |
| December 26, 1999                                  | \$ 584                             | \$ 44  | (\$ 495) (a)                 | \$ 133                       |
| December 27, 1998                                  | \$1,500                            | \$ 400   | (\$1,316) (a)                | \$ 584                       |
| Allowance for obsolete<br>inventories and supplies |                                    |  |                              |                              |
| Year ended   |                                    |  |                              |                              |
| December 31, 2000                                  | \$3,170                            | \$2,664  | (\$2,220) (a)                | \$3,614                      |
| December 26, 1999                                  | \$4,986                            | \$3,778  | (\$5,594) (a)                | \$3,170                      |
| December 27, 1998                                  | \$5,214                            | \$4,569  | (\$4,797) (a)                | \$4,986                      |

(a) Write-offs of uncollectible accounts, claims or obsolete inventories and supplies.

(3) Exhibits:

- Exhibit 3.2 - By-laws, as amended and restated in May 2000. (Incorporated by reference to Exhibit 3.2 to Registration Statement on Form S-3, SEC file No. 333-48194 filed October 27, 2000)
- Exhibit 10.1\* - 1983 non-qualified Adolph Coors Company 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 10.2\* - Adolph Coors Company 1990 Equity Incentive Plan. (Incorporated by reference to Exhibit 10.6 to Form 10-K for the fiscal year ended December 28, 1997)
- Exhibit 10.3 - Form of Coors Brewing Company Distributorship Agreement. (Incorporated by reference to Exhibit 10.20 to Form 10-K for the fiscal year ended December 29, 1996)
- Exhibit 10.4 - Adolph Coors Company Equity Compensation Plan for Non-Employee Directors (Incorporated by reference to Exhibit 10.12 to Form 10-K for the fiscal year ended December 28, 1997)
- Exhibit 10.5 - Distribution Agreement, dated as of October 5, 1992, between the Company and ACX Technologies, Inc. (Incorporated herein by reference to the Distribution Agreement included as Exhibits 2, 19.1 and 19.1A 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 10.6 - Revolving Credit Agreement, dated as of October 23, 1997. (Incorporated by reference to Exhibit 10.15 to Form 10-K for the fiscal year ended December 28, 1997)
- Exhibit 10.7 - Adolph Coors Company Stock Unit Plan. (Incorporated by reference to Exhibit 10.16 to Form 10-K for the fiscal year ended December 28, 1997)
- Exhibit 10.8\* - Adolph Coors Company 1998 Deferred Compensation Plan. (Incorporated by reference to Exhibit 10.21 to Form 10-K for the fiscal year ended December 27, 1998)
- Exhibit 10.9\* - Coors Brewing Company 2000 Annual Management Incentive Compensation Plan.
- Exhibit 10.10\* - 1999 Amendment to Adolph Coors Company 1990 Equity Incentive Plan. (Incorporated by reference to Exhibit 10.6 to Form 10-K for the fiscal year ended December 27, 1998)
- Exhibit 10.11 - 1999 Amendment to Adolph Coors Company Stock Unit Plan. (Incorporated by reference to Exhibit 10.16 to Form 10-K for the fiscal year ended December 27, 1998)
- Exhibit 10.12 - 1999 Amendment to Adolph Coors Company Equity Compensation Plan for Non-Employee Directors. (Incorporated by reference to Exhibit 10.12 to Form 10-K for the fiscal year ended December 27, 1998)
- Exhibit 10.13 - 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 10.14 - Supply Agreement between Coors Brewing Company and Graphic Packaging Corporation dated September 1, 1998. (Incorporated by reference to Exhibit 10.1 to current report on Form 8-K filed November 2, 1998 by ACX Technologies, Inc., SEC file No. 001-14060)
- Exhibit 10.15 - 2000 Amendment to Adolph Coors Company 1990 Equity Incentive Plan. (Incorporated by reference to Exhibit 10.12 to Form 10-K for the fiscal year ended December 26, 1999)
- Exhibit 10.16 - Audit Committee Charter adopted May 11, 2000.
- Exhibit 10.17 - Amendment to Adolph Coors Company Deferred Compensation Plan approved February 16, 2001.
- Exhibit 10.18 - Form of change in control agreements for Chairman and for Chief Executive Officer.

|               |   |   |
|---------------|---|---|
| Exhibit 10.19 | - | Form of change in control agreements for other officers.                                      |
| Exhibit 10.20 | - | 2001 Amendment to Adolph Coors Company 1990 Equity Incentive Plan approved February 16, 2001. |
| Exhibit 21    | - | Subsidiaries of the Registrant.   |
| Exhibit 23    | - | Consent of Independent Accountants.   |

\*Represents a management contract.

(b) Reports on Form 8-K

None.

(c) Other Exhibits

None.

(d) Other Financial Statement Schedules

None.

## EXHIBIT 21

### ADOLPH COORS COMPANY AND SUBSIDIARIES SUBSIDIARIES OF THE REGISTRANT

The following table lists our significant subsidiaries and the respective jurisdictions of their organization or incorporation as of December 31, 2000. All subsidiaries are included in our consolidated financial statements.

| Name                       | State/country of organization or incorporation |
|----------------------------|--|
| Coors Brewing Company      | Colorado                                       |
| Coors Distributing Company | Colorado                                       |
| Coors Japan Company, Ltd.  | Japan  |
| Coors Canada, Inc.         | Canada   |

EXHIBIT 23

### Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 33-33831 and 333-48194) and in the Registration Statements on Form S-8 (Nos. 33-35035, 33-40730, 33-59979, 333-45869 and 333-38378) of Adolph Coors Company of our report dated February 7, 2001, relating to the consolidated financial statements which appear in this Annual Report on Form 10K.

We also consent to the incorporation by reference of our report dated February 7, 2001, relating to the financial statement schedule, which appears in this Form 10K.

### PricewaterhouseCoopers LLP

Denver, Colorado  
March 30, 2001

### 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*

*By /s/ Peter H. Coors*

*Peter H. Coors  
President*

*By /s/ Timothy V. Wolf*

*Timothy V. Wolf  
Vice President and  
Chief Financial Officer  
(Principal Financial Officer)*

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/ W. Leo Kiely III*

*W. Leo Kiely III  
Vice President and  
Director*

*By /s/ Luis G. Nogales*

*Luis G. Nogales  
Director*

*By /s/ Pamela H. Patsley*

*Pamela H. Patsley  
Director*

*By /s/ Wayne R. Sanders*

*Wayne R. Sanders  
Director*

*By /s/ Albert C. Yates*

*Albert C. Yates  
Director*

*March 30, 2001*



# **ADOLPH COORS COMPANY**

## **AUDIT COMMITTEE CHARTER**

### **Purpose**

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

Monitor the integrity of the Company's financial reporting process, system of internal controls, significant legal matters and ethics.  
Review and appraise the independence and performance of the Company's independent accountants and internal auditing department.  
Provide an open avenue of communication among the independent accountants, financial and senior management, the internal auditing department and the Board of Directors.

### **Composition**

The Audit Committee shall be comprised of not less than three (3) directors as determined by the Board, each of whom shall be independent directors and shall meet the requirements of the Securities and Exchange Commission and the New York Stock Exchange. All members of the Audit Committee shall be financially literate as determined by the Board. One or more members of the Audit Committee shall possess accounting or related financial management expertise as interpreted by the Board. If an audit committee chair is not designated or present, the members of the Audit Committee may designate a chair for the meeting by majority vote of the Audit Committee membership.

### **Meetings**

The Audit Committee shall meet at least four times annually or more frequently per the annual agenda and at such other times as determined by the Chair of the Audit Committee. A majority of the members of the Audit Committee shall constitute a quorum for the transaction of business. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Audit Committee should meet privately, at least annually, in executive session with management, the director of the internal auditing department, the independent accountants and as a committee to discuss any matters that the Audit Committee or each of these groups believe should be discussed. In addition, the Audit Committee should meet with the independent accountants and management quarterly to review the Company's financial statements.

### **Responsibilities and Duties**

#### **Review Procedures**

Review and reassess the adequacy of this charter at least annually. Submit the charter to the Board of Directors for approval and have the document published at least every three years in accordance with Securities and Exchange Commission regulations.

Review the Company's annual audited financial statements prior to filing or distribution. Review should include discussion with management and independent accountants of significant issues regarding accounting principles, practices, and judgments.

Consider and approve major changes to the Company's accounting principles and practices and any items required to be communicated by the independent accountants in accordance with SAS 61.

In consultation with the management, the independent accountants and the internal auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor control and report such exposures.

Monitor the Company's processes for management's identification and control of significant business and financial risk.

Review the Company's quarterly results with financial management and the independent accountants prior to the release of earnings. Review the company's quarterly financial statements (10-Q) prior to filing. The Chair of the Committee may determine to represent the entire Audit Committee for purposes of these reviews.

Review any significant disagreement among management and the independent accountants or the internal auditing department in connection with the preparation of the financial statements.

### **Independent Accountants**

The independent accountants are ultimately accountable to the Audit Committee and the Board of Directors. The Audit Committee shall review the independence and performance of the independent accountants and annually recommend to the Board of Directors the re-appointment of the independent accountants or recommend their discharge when circumstances warrant.

Review the fees and other significant compensation to be paid to the independent accountants. At least annually, the Audit Committee should review and discuss with the independent accountants all significant relationships they have with the Company that could impair the independent accountant's independence.

Review the independent accountant's audit plan - discuss scope, staffing, locations, reliance upon management and internal auditing, and general audit approach. Review significant findings by independent accountants, management's responses and follow-up.

Consider the independent accountant's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

### **Internal Auditing**

Review the audit project plan, significant changes in plan, activities, organizational structure and qualifications of the internal auditing department annually.

Review the appointment, performance, and replacement of the head of internal auditing.

Review significant reports prepared by the internal auditing department, management's responses and follow-up.

### **Ethical and Legal Compliance**

Review reports from the Company's General Counsel regarding significant litigation, including any matters that could have a significant impact on the Company's financial statements with due consideration for protecting the attorney-client privilege where determined appropriate by the General Counsel.

Review with the Company's General Counsel any significant issues involving the Company's compliance with applicable laws and regulations, including corporate securities trading policies, and any inquiries of a significant nature received from regulators or governmental agencies.

Establish, review, and update periodically a Code of Ethics and ensure that management has established a system to enforce this code.

Review management's monitoring of the Company's compliance with the Code of Ethics.

Review all reports concerning any significant fraud or regulatory non-compliance that occurs at the Company. This review should include consideration of the internal controls that should be strengthened to reduce the risk of a similar event in the future.

### **Other Audit Committee Responsibilities**

Annually, publish a report to shareholders as required by the Securities and Exchange Commission.

Minutes of the Audit Committee meetings shall be distributed to each board member prior to the subsequent Board of Directors meeting.

The Audit Committee will annually present to the Board of Directors a review and recommendation for approval of the Annual Report to shareholders and Form 10-K.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.

Perform any other activities consistent with this Charter, the Company's Bylaws, and governing law, as the Audit Committee or the Board deems necessary or appropriate.

### **Management Support and Powers of the Audit Committee**

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities. It shall have direct access to the independent accountants as well as anyone in the Company. The Audit Committee shall have access to the Company's General Counsel and the ability to retain, at the Company's expense, special legal, accounting or other experts it deems necessary in the performance of its responsibilities.

## AGREEMENT

AGREEMENT by and among Adolph Coors Company, a Colorado corporation ("ACC"), Coors Brewing Company, a Colorado corporation ("CBC") (ACC and CBC are hereinafter referred to as the "Company"), and \_\_\_\_\_ (the "Executive"), dated as of February 20, 2001.

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

The parties agree as follows:

### 1. Certain Definitions.

(a) The "Effective Date" shall mean the first date on which a Change of Control (as defined in Section 2) becomes effective during the Term (as defined in Section 1(b)). If a Change of Control occurs and if the Executive's employment with the Company is terminated prior to the date on which the Change of Control becomes effective, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment.

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

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

(a) a Person other than Existing Shareholders or a Person controlled by Existing Shareholders becomes the ultimate Beneficial Owner of more than 20% of the total voting power of the Voting Stock of the Company and such ownership represents a greater percentage of the total voting power of the Voting Stock of the Company than is Beneficially Owned by Existing Shareholders on such date; except the following acquisitions are not a Change of Control: (i) an acquisition of Voting Stock by the Company or one of its wholly-owned subsidiaries or (ii) an acquisition of Voting Stock that meets the conditions in clauses (i), (ii) and (iii) of paragraph (b) of this Section 2 or (iii) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or by any corporation controlled by the Company;

(b) the Company consolidates with, or merges with or into, another Person or the Company or a subsidiary of the Company sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person in a transaction that would require approval of the Company's shareholders under Section 7-112-101 and Section 7-112-102 of the Colorado Business Corporation Act (except a transfer to an entity wholly-owned by the Company or one of its wholly-owned subsidiaries), or any Person consolidates with, or merges with or into, the Company, (each a "Business Combination") unless, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Company Common Stock and Company Voting Stock immediately prior to such Business Combination Beneficially Own, directly or indirectly, 50% or more of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding Voting Stock of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company and all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Company Common Stock and Company Voting Stock, (ii) no Person (other than (A) Existing Shareholders and any Person controlled by Existing Shareholders, (B) any corporation resulting from such Business Combination or (C) any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) Beneficially Owns, directly or indirectly, 20% or more of the then-outstanding voting power of the Voting Stock of such corporation and Beneficially Owns a greater percentage of the voting power of such Voting Stock of such Person than the Existing Shareholders and any Person controlled by Existing Shareholders and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Board at the time of the action of the Board, if any, providing for such Business Combination or if there was not such action, at the time of the execution of this Agreement;

(c) individuals who on the date of this Agreement constitute the Board (together with any thereafter elected directors whose election by the Board or whose nomination by the Board for election by the Company's shareholders was approved by a vote of at least a majority of the members of the Board then in office who either were members of the Board on the date of this Agreement or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of the Board then in office; or

(d) the shareholders of the Company approve a complete liquidation or dissolution of the Company.

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

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

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

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

(iv) "Existing Shareholder" shall mean the Adolph Coors, Jr. Trust, any individual who or entity which has been, is or in the future becomes a trustee thereof or any beneficiary thereof, any other trust the primary beneficiaries of which are descendants of Adolph Coors, Sr. or spouses or former spouses of such descendants, and/or any individual who or entity which has been, is or in the future becomes a trustee of any such trusts or any beneficiary thereof.

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

(vi) "Voting Stock" shall mean any and all shares, interests, participations, rights in or other equivalents of capital stock and warrants or options exchangeable for or convertible into such capital stock which ordinarily has the power to vote for the election of directors, managers or other voting members of the governing body (the "Governing Board") of a Person. If any members of the Governing Board are elected by classes of common stock voting as separate classes, Voting Stock shall mean the stock of the class of common stock entitled to elect the majority of the Governing Board, provided, if the separate classes are entitled to elect equal numbers of the Governing Board, then all such shares of common stock shall be deemed to be Voting Stock, but the voting power of Voting Stock held by a Person (including the Existing Shareholders) shall be separately calculated for each class and the result for each class shall be deemed to be Beneficial Ownership of Voting Stock of the Company.

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

#### 4. Terms of Employment.

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

(i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than thirty-five miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period Executive may (A) serve on civic or charitable boards or committees of not for profit or similar organizations, (B) teach, and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. To the extent that any such activities have been conducted by the Executive and by other executives of the Company prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

##### (b) Compensation.

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

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be entitled to participate, with respect to each fiscal year ending during the Employment Period, in the Company's Management Incentive Compensation Plan, or any comparable successor plans, under terms (including measures of performance, targets and payout potential) at least as favorable as the terms under such bonus plan as in effect during

the Company's fiscal year ending immediately prior to the Effective Date (the "Annual Bonus"). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the end of the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

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

(iv) Stock Options and Other Equity Grants. During the Employment Period, the Executive shall receive stock option grants pursuant to the Company's 1990 Equity Incentive Plan or any successor plan for each fiscal year ending during the Employment Period on the same basis as those provided to other peer executives of the Company for each such fiscal year. In addition, during the Employment Period, the Executive shall receive restricted stock grants pursuant to the Company's 1990 Equity Incentive Plan or any successor plan for each fiscal year during the Employment Period on the same basis as those provided to other peer executives of the Company for each such fiscal year.

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

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

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

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

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

## 5. Termination of Employment.

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

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

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

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

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

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

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

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

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

(v) any failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. If an event constituting Good Reason occurs prior to a Change of Control but after there is knowledge of a potential Change of Control, it shall be deemed to constitute Good Reason for purposes of this Agreement. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason during the thirty-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

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

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason (other than a termination by the Executive during the 30-day window period described in the last sentence of Section 5(c) above), the date of receipt of the Notice of Termination or any later date up to six months thereafter specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Executive during the 30-day window period described in the last sentence of Section 5(c) above, the date that is six months following the date of receipt of the Notice of Termination or such earlier date as may be agreed

in writing by the Executive and the Company, (iii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination and (iv) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

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

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

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

(A) the sum of (1) the Executive's Annual Base Salary (which for this purpose shall include any allowance for perquisites that is paid directly to the Executive) through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the target bonus for the Executive under the Company's Management Incentive Compensation Plan, or any comparable successor plans, for the fiscal year of the Company which contains the Date of Termination (the "Target Bonus"), and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) pursuant to the Company's Deferred Compensation Plan or any successor plan (with such amounts paid in accordance with the provisions of such plan) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) [two] [three] and (2) the sum of (x) the Executive's Annual Base Salary (which for this purpose shall include any allowance for perquisites that is paid directly to the Executive) and (y) the Target Bonus, with the product of (1) and (2) reduced by the amounts paid, if any, to the Executive under the Company's Severance Pay Plan or pursuant to any other contractual arrangement with the Executive or plan providing coverage to the Executive as a result of such termination.

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

(iii) The Company shall pay to the Executive a cash lump sum equal to (A) the present value of the increased pension benefit, determined on an actuarial basis, that would result under the Coors Retirement Plan (or any successor thereto) if the Executive received credit for benefit calculation purposes for [two] [three] additional years of service, minus (B) the present value of the benefit actually accrued under the Coors Retirement Plan on the Date of Termination. The actuarial factors then being used under the Coors Retirement Plan (or any successor thereto) on the Date of Termination shall be used to calculate the lump sum amount and payment of such lump sum shall be made at the same time as the payment provided under Section 6(a)(i) above;

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

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

(vi) with respect to any options, restricted stock or other stock based awards held by the Executive pursuant to the Company's Equity Incentive Plan, or any successor plan, the Company shall use its best efforts to negotiate with the successor company, if any, to grant substitute stock-based awards, including options that shall give the Executive one year to exercise the substitute options if the Date of Termination occurs before the Executive is eligible for retirement. If the substitute options do not provide such extended period for exercise, on the Date of Termination all restrictions on awards of restricted stock will be canceled, and all outstanding stock options and stock appreciation rights and other stock based awards that have not fully vested, shall vest immediately and become fully exercisable and shall not thereafter be forfeitable; provided, however, that outstanding stock options and stock appreciation rights and other stock-based awards shall not become fully vested and become exercisable and nonforfeitable if the Executive's termination of employment occurred as a result of notice by the Executive to the Company during the 30-day window period referred to in Section 5(c).

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary,

as applicable, in a lump sum in cash within thirty days of the Date of Termination. The term Other Benefits as utilized in this Section 6(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within thirty days of the Date of Termination. The term "Other Benefits" as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (i) his Annual Base Salary through the Date of Termination, (ii) the amount of any compensation previously deferred by the Executive, and (iii) Other Benefits, in each case to the extent theretofore earned and accrued but unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within thirty days of the Date of Termination.

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

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

#### 9. Certain Additional Payments by the Company.

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

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by such nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is



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

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

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or to contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

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

10. Confidential Information. In addition to, and not in lieu of, any other agreement the Executive may have with the Company with respect to similar subject matters, including but not limited to the Inventions and Non-Disclosure Agreement and Covenant Not to Compete, the Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. Arbitration. All claims and controversies that may arise under this Agreement shall be submitted to, and determined through, binding

arbitration in the Denver, Colorado metropolitan area in accordance with the employment arbitration procedures of the American Arbitration Association ("AAA") existing at the time the arbitration is conducted, before a single arbitrator chosen in accordance with AAA procedures. The decision of the arbitrator shall be enforceable as a court judgment.

## 12. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

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

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

## 13. Miscellaneous.

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

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

### **If to the Executive:**

If to the Company:

Coors Brewing Company

311 10th St.

P.O. Box 4030, NH312  
Golden, CO 80401-0030

Attention: General Counsel

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

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

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

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

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section 1(a) hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof, except to the extent provided herein.

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

[Executive]

---

**ADOLPH COORS COMPANY**

By:\_\_\_\_\_

**COORS BREWING COMPANY**

By:\_\_\_\_\_

## AGREEMENT

AGREEMENT by and among Adolph Coors Company, a Colorado corporation ("ACC"), Coors Brewing Company, a Colorado corporation ("CBC") (ACC and CBC are hereinafter referred to as the "Company"), and \_\_\_\_\_ (the "Executive"), dated as of February 20, 2001.

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

The parties agree as follows:

### 1. Certain Definitions.

(a) The "Effective Date" shall mean the first date on which a Change of Control (as defined in Section 2) becomes effective during the Term (as defined in Section 1(b)). If a Change of Control occurs and if the Executive's employment with the Company is terminated prior to the date on which the Change of Control becomes effective, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment.

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

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

a) a Person other than Existing Shareholders or a Person controlled by Existing Shareholders becomes the ultimate Beneficial Owner of more than 20% of the total voting power of the Voting Stock of the Company and such ownership represents a greater percentage of the total voting power of the Voting Stock of the Company than is Beneficially Owned by Existing Shareholders on such date; except the following acquisitions are not a Change of Control: (i) an acquisition of Voting Stock by the Company or one of its wholly-owned subsidiaries or (ii) an acquisition of Voting Stock that meets the conditions in clauses (i), (ii) and (iii) of paragraph (b) of this Section 2 or (iii) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or by any corporation controlled by the Company;

(b) the Company consolidates with, or merges with or into, another Person or the Company or a subsidiary of the Company sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person in a transaction that would require approval of the Company's shareholders under Section 7-112-101 and Section 7-112-102 of the Colorado Business Corporation Act (except a transfer to an entity wholly-owned by the Company or one of its wholly-owned subsidiaries), or any Person consolidates with, or merges with or into, the Company, (each a "Business Combination") unless, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Company Common Stock and Company Voting Stock immediately prior to such Business Combination Beneficially Own, directly or indirectly, 50% or more of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding Voting Stock of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company and all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Company Common Stock and Company Voting Stock, (ii) no Person (other than (A) Existing Shareholders and any Person controlled by Existing Shareholders, (B) any corporation resulting from such Business Combination or (C) any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) Beneficially Owns, directly or indirectly, 20% or more of the then-outstanding voting power of the Voting Stock of such corporation and Beneficially Owns a greater percentage of the voting power of such Voting Stock of such Person than the Existing Shareholders and any Person controlled by Existing Shareholders and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Board at the time of the action of the Board, if any, providing for such Business Combination or if there was not such action, at the time of the execution of this Agreement;

(c) individuals who on the date of this Agreement constitute the Board (together with any thereafter elected directors whose election by the Board or whose nomination by the Board for election by the Company's shareholders was approved by a vote of at least a majority of the members of the Board then in office who either were members of the Board on the date of this Agreement or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of the Board then in office; or

(d) the shareholders of the Company approve a complete liquidation or dissolution of the Company.

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

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

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

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

(iv) "Existing Shareholder" shall mean the Adolph Coors, Jr. Trust, any individual who or entity which has been, is or in the future becomes a trustee thereof or any beneficiary thereof, any other trust the primary beneficiaries of which are descendants of Adolph Coors, Sr. or spouses or former spouses of such descendants, and/or any individual who or entity which has been, is or in the future becomes a trustee of any such trusts or any beneficiary thereof.

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

(vi) "Voting Stock" shall mean any and all shares, interests, participations, rights in or other equivalents of capital stock and warrants or options exchangeable for or convertible into such capital stock which ordinarily has the power to vote for the election of directors, managers or other voting members of the governing body (the "Governing Board") of a Person. If any members of the Governing Board are elected by classes of common stock voting as separate classes, Voting Stock shall mean the stock of the class of common stock entitled to elect the majority of the Governing Board, provided, if the separate classes are entitled to elect equal numbers of the Governing Board, then all such shares of common stock shall be deemed to be Voting Stock, but the voting power of Voting Stock held by a Person (including the Existing Shareholders) shall be separately calculated for each class and the result for each class shall be deemed to be Beneficial Ownership of Voting Stock of the Company.

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

#### 4. Terms of Employment.

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

(i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than thirty-five miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period Executive may (A) serve on civic or charitable boards or committees of not for profit or similar organizations, (B) teach, and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. To the extent that any such activities have been conducted by the Executive and by other executives of the Company prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

##### (b) Compensation.

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

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be entitled to participate, with respect to each fiscal year ending during the Employment Period, in the Company's Management Incentive Compensation Plan, or any comparable successor plans, under terms (including measures of performance, targets and payout potential) at least as favorable as the terms under such bonus plan as in effect during

the Company's fiscal year ending immediately prior to the Effective Date (the "Annual Bonus"). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the end of the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

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

(iv) Stock Options and Other Equity Grants. During the Employment Period, the Executive shall receive stock option grants pursuant to the Company's 1990 Equity Incentive Plan or any successor plan for each fiscal year ending during the Employment Period on the same basis as those provided to other peer executives of the Company for each such fiscal year. In addition, during the Employment Period, the Executive shall receive restricted stock grants pursuant to the Company's 1990 Equity Incentive Plan or any successor plan for each fiscal year during the Employment Period on the same basis as those provided to other peer executives of the Company for each such fiscal year.

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

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

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

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

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

## 5. Termination of Employment.

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

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

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

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

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

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

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

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

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

(v) any failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. If an event constituting Good Reason occurs prior to a Change of Control but after there is knowledge of a potential Change of Control, it shall be deemed to constitute Good Reason for purposes of this Agreement. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason during the thirty-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

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

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason (other than a termination by the Executive during the 30-day window period described in the last sentence of Section 5(c) above), the date of receipt of the Notice of Termination or any later date up to six months thereafter specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Executive during the 30-day window period described in the last sentence of

Section 5(c) above, the date that is six months following the date of receipt of the Notice of Termination or such earlier date as may be agreed in writing by the Executive and the Company, (iii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination and (iv) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

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

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

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

(A) the sum of (1) the Executive's Annual Base Salary (which for this purpose shall include any allowance for perquisites that is paid directly to the Executive) through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the target bonus for the Executive under the Company's Management Incentive Compensation Plan, or any comparable successor plans, for the fiscal year of the Company which contains the Date of Termination (the "Target Bonus"), and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) pursuant to the Company's Deferred Compensation Plan or any successor plan (with such amounts paid in accordance with the provisions of such plan) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary (which for this purpose shall include any allowance for perquisites that is paid directly to the Executive) and (y) the Target Bonus, with the product of (1) and (2) reduced by the amounts paid, if any, to the Executive under the Company's Severance Pay Plan or pursuant to any other contractual arrangement with the Executive or plan providing coverage to the Executive as a result of such termination.

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

(iii) The Company shall pay to the Executive a cash lump sum equal to (A) the present value of the increased pension benefit, determined on an actuarial basis, that would result under the Coors Retirement Plan (or any successor thereto) if the Executive received credit for benefit calculation purposes for two additional years of service, minus (B) the present value of the benefit actually accrued under the Coors Retirement Plan on the Date of Termination. The actuarial factors then being used under the Coors Retirement Plan (or any successor thereto) on the Date of Termination shall be used to calculate the lump sum amount and payment of such lump sum shall be made at the same time as the payment provided under Section 6(a)(i) above;

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

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

(vi) with respect to any options, restricted stock or other stock based awards held by the Executive pursuant to the Company's Equity Incentive Plan, or any successor plan, the Company shall use its best efforts to negotiate with the successor company, if any, to grant substitute stock-based awards, including options that shall give the Executive one year to exercise the substitute options if the Date of Termination occurs before the Executive is eligible for retirement. If the substitute options do not provide such extended period for exercise, on the Date of Termination all restrictions on awards of restricted stock will be canceled, and all outstanding stock options and stock appreciation rights and other stock based awards that have not fully vested, shall vest immediately and become fully exercisable and shall not thereafter be forfeitable; provided, however, that outstanding stock options and stock appreciation rights and other stock-based awards shall not become fully vested and become exercisable and nonforfeitable if the Executive's termination of employment occurred as a result of notice by the Executive to the Company during the 30-day window period referred to in Section 5(c).

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall



terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within thirty days of the Date of Termination. The term Other Benefits as utilized in this Section 6(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within thirty days of the Date of Termination. The term "Other Benefits" as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (i) his Annual Base Salary through the Date of Termination, (ii) the amount of any compensation previously deferred by the Executive, and (iii) Other Benefits, in each case to the extent theretofore earned and accrued but unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within thirty days of the Date of Termination.

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

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

9. Certain Additional Payments by the Company.

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

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by such nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen business days of the receipt of notice from

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

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

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or to contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

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

10. Confidential Information. In addition to, and not in lieu of, any other agreement the Executive may have with the Company with respect to similar subject matters, including but not limited to the Inventions and Non-Disclosure Agreement and Covenant Not to Compete, the Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

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

12. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

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

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

13. Miscellaneous.

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

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

**If to the Executive:**

If to the Company:

Coors Brewing Company

311 10th St.

P.O. Box 4030, NH312  
Golden, CO 80401-0030

Attention: General Counsel

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

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

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

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

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section 1(a) hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof, except to the extent provided herein.

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

[Executive]

---

**ADOLPH COORS COMPANY**

By:\_\_\_\_\_

**COORS BREWING COMPANY**

By:\_\_\_\_\_

# **ADOLPH COORS COMPANY**

## **DEFERRED COMPENSATION PLAN**

**As Amended and Restated Effective February 16, 2001**

## **ADOLPH COORS COMPANY DEFERRED COMPENSATION PLAN**

### **RECITALS:**

Adolph Coors Company, a Colorado corporation (the "Company"), previously established the Adolph Coors Company Deferred Compensation Plan (the "Plan"), effective as of February 1, 1998. The Plan is hereby amended and restated in its entirety, effective as of February 16, 2001. The Plan is intended to provide a mechanism whereby certain of the highly compensated and select management employees of the Company and those affiliates that adopt the Plan may defer compensation and have such amounts, together with credited earnings, if applicable, paid out upon the participants retirement, death, disability or other termination of service with the Company or affiliate and upon certain other specified events. The Company intends that the Plan shall not be treated as a funded plan for purposes of either the Internal Revenue Code of 1986, as amended (the "Code") or the Employee Retirement Income Security Act of 1974, as amended (ERISA).

### **ARTICLE I**

#### **Definitions**

Defined terms used in this Plan shall have the meanings set forth below:

1.1 Affiliated Entity means any corporation or other entity, including but not limited to partnerships and joint ventures, affiliated with Adolph Coors Company, directly or indirectly through ownership, control or otherwise, as determined by the Committee.

1.2 Base Salary means the actual amount of base remuneration payable to an employee by the Company from time to time before reduction for contributions to plans covered by sections 401(k) and 125 of the Code.

1.3 Beneficiary means the person or persons, trust or other entity designated by a Participant, pursuant to Section 5.7, to receive any amounts distributable under the Plan at the time of the Participants death.

1.4 Change in Control means such time as:

(a) a Person other than Existing Shareholders or a Person controlled by Existing Shareholders becomes the ultimate Beneficial Owner of more than 20% of the total voting power of the Voting Stock of the Company and such ownership represents a greater percentage of the total voting power of the Voting Stock of the Company than is Beneficially Owned by Existing Shareholders on such date; except the following acquisitions are not a Change in Control: (i) an acquisition of Voting Stock by the Company or one of its wholly-owned subsidiaries or (ii) an acquisition of Voting Stock that meets the conditions in clauses (i), (ii) and (iii) of Section 1.4(b) below or (iii) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company, or by any corporation controlled by the Company;

(b) the Company consolidates with, or merges with or into, another Person or the Company or a subsidiary of the Company sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person in a transaction that would require approval of the Company's shareholders under Section 7-112-101 and Section 7-112-102 of the Colorado Business Corporation Act (except a transfer to an entity wholly- owned by the Company or one of its wholly-owned subsidiaries), or any Person consolidates with, or merges with or into, the Company, (each a "Business Combination") unless, immediately following such Business Combination,

(i) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Company Common Stock and Company Voting Stock immediately prior to such Business Combination Beneficially Own, directly or indirectly, 50% or more of, respectively, the then- outstanding shares of common stock and the combined voting power of the then-outstanding Voting Stock of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company and all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Company Common Stock and Company Voting Stock, (ii) no Person (other than (A) Existing Shareholders and any Person controlled by Existing Shareholders, (B) any corporation resulting from such Business Combination or (C) any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) Beneficially Owns, directly or indirectly, 20% or more of the then- outstanding voting power of the Voting Stock of such corporation and Beneficially Owns a greater percentage of the voting power of such Voting Stock of such Person than the Existing Shareholders and any Person controlled by Existing Shareholders and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Board at the time of the action of the Board, if any, providing for such Business Combination or if there was not such action, on the effective date of this amended and restated Plan;

(c) individuals who on the date of this Agreement constitute the Board (together with any thereafter elected directors whose election by the

Board or whose nomination by the Board for election by the Company's shareholders was approved by a vote of at least a majority of the members of the Board then in office who either were members of the Board on the date of this Agreement or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of the Board then in office; or

(d) the shareholders of the Company approve a complete liquidation or dissolution of the Company.

In addition, a "Change in Control" shall also mean, with respect to any individual Participant, a "Change in Control" as defined in any separate agreement between the Company or Affiliated Entity and the Participant.

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

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

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

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

(iv) "Existing Shareholder" shall mean the Adolph Coors, Jr. Trust, any individual who or entity which has been, is or in the future becomes a trustee thereof or any beneficiary thereof, any other trust the primary beneficiaries of which are descendants of Adolph Coors, Sr. or spouses or former spouses of such descendants, and/or any individual who or entity which has been, is or in the future becomes a trustee of any such trusts or any beneficiary thereof.

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

(vi) "Voting Stock" shall mean any and all shares, interests, participations, rights in or other equivalents of capital stock and warrants or options exchangeable for or convertible into such capital stock which ordinarily has the power to vote for the election of directors, managers or other voting members of the governing body (the "Governing Board") of a Person. If any members of the Governing Board are elected by classes of common stock voting as separate classes, Voting Stock shall mean the stock of the class of common stock entitled to elect the majority of the Governing Board, provided, if the separate classes are entitled to elect equal numbers of the Governing Board, then all such shares of common stock shall be deemed to be Voting Stock, but the voting power of Voting Stock held by a Person (including the Existing Shareholders) shall be separately calculated for each class and the result for each class shall be deemed to be Beneficial Ownership of Voting Stock of the Company.

1.5 Committee means the administrative committee provided for in Section 6.

1.6 Company means Adolph Coors Company and, where the context requires, any Affiliated Entity that has elected to participate in this Plan in accordance with the provisions of Article VIII.

1.7 "Company Stock" means the Class B Common Stock of Adolph Coors Company.

1.8 Compensation means an employee's Base Salary, Executive Bonus and the amount of income, in the form of shares of Company Stock, attributable to the exercise of a Stock Option through payment of the exercise price with shares of Company Stock.

1.9 Credited Earnings means the amount of earnings credited to the Participants Plan Account as of the date specified for such purpose in the applicable provision of the Plan. Credited Earnings shall be determined based upon the deemed investment elections made by the Participant in accordance with the provisions of Article IV. Except as otherwise provided in Section 4.1, Credited Earnings shall be accounted for and credited to a Participants Plan Account beginning upon the date that the Participant's deemed investment elections pursuant to Article IV are implemented within the Trust.

1.10 Disability shall have the same meaning given to such term from time to time in the Company's Long-Term Disability Plan.

1.11 Election Agreement means an agreement between an eligible employee and the Company providing for the employees participation in the Plan and for the employees elections with respect to deferrals under Article III, the deemed investment of the Participant's Plan Account under Article IV and distributions under Article V, execution of which by an eligible employee is required under Article II for Plan participation.

1.12 Executive Bonus means a bonus paid pursuant to the Company's Management Incentive Compensation Plan or such other incentive or bonus programs as may be designated for this purpose by the Committee.

1.13 Participant means any eligible employee of the Company selected to participate in this Plan by the Committee who has completed an Election Agreement and is entitled to the distribution of benefits hereunder. A Participant shall remain a Participant for all purposes of this Plan so long as the Participant is entitled to the distribution of benefits hereunder, except to the extent provided in Section 2.3.

1.14 Participant Deferrals means the amounts of a Participants Compensation which he elects to defer and have allocated to his Plan Account pursuant to Article III.

1.15 Plan Account means a bookkeeping account maintained by the Company which shall show at all times the amounts of Participant Deferrals made by a Participant and all Credited Earnings allocable to such amounts.

1.16 Plan Year means the twelve month period on which the Plan records are kept, which shall be the calendar year.

1.17 Retirement means an employee's termination of employment with the Company after the normal retirement age established by the Company's Retirement Plan, which is presently age 65.

1.18 "Stock Option" means an option to acquire shares of the Company's Common Stock granted pursuant to the Company's 1990 Equity Incentive Plan.

1.19 Trust means the trust created by the Company or any Affiliated Entity which has adopted the Plan pursuant to Article VIII which may be used to provide funding for the distribution of benefits hereunder in accordance with the provisions of the Plan.

1.20 Trust Agreement means the written instrument pursuant to which the Trust is created.

1.21 Trustee means the bank, trust company or individual appointed by the Company or any Affiliated Entity pursuant to Article VII and acting from time to time as the trustee of the Trust formed to provide benefits under the Plan.

## **ARTICLE II**

### **Eligibility and Participation**

#### **2.1 Eligibility and Participation.**

From time to time the Committee, in its sole discretion, shall determine the eligibility requirements for participation and shall designate those highly compensated and select management employees of the Company and those Affiliated Entities that have adopted this Plan pursuant to Article VIII to whom the opportunity to participate in this Plan shall be extended. The transfer of employment by a Participant between the Company and an Affiliated Entity, or between Affiliated Entities, shall not be considered a termination of employment and shall not cause a disruption in participation in this Plan.

#### **2.2 Enrollment.**

Employees who have been selected by the Committee to participate in this Plan shall enroll in the Plan, prior to the calendar year during which the employee will participate in the Plan (or in the case of an individual who becomes an eligible employee of the Company after the beginning of a calendar year, within 30 days after the date the individual becomes an eligible employee), by (a) entering into an Election Agreement with the Company, which shall contain the Participants election as to the Compensation to be deferred under the Plan for the subsequent calendar year, the period of deferral, the method of payment, the initial investment elections of the Participant pursuant to Article IV, and such other terms as the Company deems appropriate and necessary, and (b) completing such other forms and furnishing such other information as the Company may reasonably require. In the case of an employee who becomes eligible to and elects to participate in the Plan during a calendar year, any election to defer Compensation shall apply only to Compensation earned after the effective date of such election. A Participant shall enter into a new Election Agreement with respect to each Plan Year of participation under the Plan.

#### **2.3 Failure of Eligibility.**

If a Participant ceases to meet the eligibility criteria as determined by the Committee for participation herein for any reason but continues to be a Company employee, participation herein and benefits hereunder shall cease as of the effective date of the change in employment status, position or title which results in termination of eligibility for participation herein. The determination of the Committee with respect to the termination of participation in the Plan shall be final and binding on all parties affected thereby. Any benefits accrued hereunder at the time of such change, together with Credited Earnings, shall be distributed to such Participant on the third anniversary of the date on which such Participants eligibility ceased, or, at the sole election of the Committee, at any time prior to such third anniversary.

## **ARTICLE III**

### **Contribution Deferrals**

Each Plan Year, a Participant may elect to have Participant Deferrals withheld from his Base Salary and credited to his Plan Account in any whole percentage of his Base Salary from 1-100%. In addition, a Participant may elect to have the Company withhold from his Executive Bonus any amount up to 100% of such Executive Bonus and have such amount credited to his Plan Account as a Participant Deferral. Participant Deferrals shall be deducted from a Participants Base Salary and Executive Bonus through payroll withholding in accordance with

the Participants election and credited to the Participants Plan Account at such time. If a Participant exercises a Stock Option during a Plan Year through payment of the exercise price with shares of Company Stock, the Participant may elect to defer the receipt of the shares of Company Stock representing the shares in excess of the shares used to exercise the Stock Option (the "Gain Shares"). The shares of Company Stock representing the Gain Shares that would otherwise be issued to the Participant upon the exercise of a Stock Option through payment of the exercise price with shares of Company Stock shall be withheld by the Company, transferred to the Trust and treated as a deemed investment of the Participant in accordance with the provisions of Article IV. All elections with respect to the deferral of Compensation, including Gain Shares, must be made in accordance with the provisions of Section 2.2.

## **ARTICLE IV**

### **Accounting and Investments**

#### **4.1 Accounting.**

The Company shall maintain or cause to be maintained a book accounting record of the Participants Plan Account, showing the amounts of Participant Deferrals and the Credited Earnings thereon, based upon the deemed investment elections of each Participant pursuant to Section 4.2. The Company shall also maintain or cause to be maintained appropriate accounting records of the Trust.

#### **4.2 Deemed Investment Elections.**

Each Participant shall elect from time to time, in accordance with such procedures as may be established for this purpose by the Committee, the manner in which Credited Earnings shall be determined with respect to the Participant's Plan Account, based upon the deemed investment elections made by the Participant. The deemed investment options available to Participants shall be determined from time to time by the Committee and may be changed from time to time. In the case of Participant Deferrals attributable to Stock Options, such Participant Deferrals shall be deemed to be invested only in Company Stock and the Participant may not change the deemed investment election with respect to such amounts. Subject to the foregoing restriction, the Participant shall be permitted to change his deemed investment elections in accordance with such procedures as may be established for this purpose by the Committee. If at any time the Committee does not possess deemed investment directions for all of a Participant's Plan Account, the Participant shall be deemed to have directed that the undesignated portion of the Plan Account be deemed to be invested in a money market, fixed income or similar fund made available under the Plan as determined by the Committee in its discretion. Each Participant hereunder, as a condition to his or her participation hereunder, agrees to indemnify and hold harmless the Company, the Committee and their agents and representatives from any losses or damages of any kind relating to the Participant's choice of deemed investments and the investment results of such deemed investments.

## **ARTICLE V**

### **Distributions**

#### **5.1 Time of Distribution.**

(a) Unless a Participant otherwise elects in accordance with the provisions of subsection 5.1(b), or unless Section 5.3, 5.4 or 5.5 applies, the amount credited to a Participant's Plan Account shall be distributed to the Participant (or his Beneficiary), or distributions shall begin, on the first day of the month next following 60 days after the date on which the Participant's service with the Company terminates, whether such service terminates because of death, Disability, Retirement, voluntary termination or termination by the Company. The transfer of a Participant between the Company and an Affiliated Entity, or between Affiliated Entities, shall not be considered a termination of employment for purposes of this Plan.

(b) At the time a Participant elects to make Participant Deferrals in accordance with Section 3.1 with respect to a specified Plan Year, the Participant may also elect to receive payment of the amounts deferred under Article III of the Plan with respect to such Plan Year, together with Credited Earnings thereon, immediately upon termination of employment in accordance with subsection 5.1(b) or one, three, five, ten, fifteen or twenty years following termination of employment or, regardless of when service terminates, after a period of three, five, ten, fifteen or twenty years. A Participant shall also be permitted to elect to receive payment of the Participant Deferrals with respect to a Plan Year at such other times as may be permitted by the Committee from time to time. If a Participant makes an election to receive payment after a specified number of years, regardless of employment termination, then the amounts deferred under Article III with respect to such Plan Year, together with Credited Earnings thereon, shall be distributed to the Participant (or his Beneficiary) on the first business day of the calendar year that is three, five, ten, fifteen or twenty years after the calendar year of the deferrals as elected by the Participant, or at such other time as may be elected by the Participant with the permission of the Committee. Amounts payable under this subsection after a specified period of years shall be paid in a lump sum, except as provided in Section 5.2.

#### **5.2 Method and Amount of Distribution.**

(a) Unless a Participant otherwise elects with respect to a Plan Year in accordance with the provisions of this Section 5.2, or unless Section 5.4 applies, payment of all Participant Deferrals, together with Credited Earnings, shall be made at the time determined in accordance with the provisions of Section 5.1 in a lump sum in an amount equal to the amount credited to his Plan Account as of the last day of the month prior to the date of payment.



(b) At the time a Participant elects to make Participant Deferrals in accordance with Section 3.1 with respect to a specified Plan Year, the Participant may also elect to receive payment of the amounts deferred under Article III of the Plan with respect to such Plan Year, together with Credited Earnings thereon, over a three, five, ten, fifteen or twenty year installment payout instead of a lump sum. In order to be valid, an election under this subsection must be filed, in writing, with the Committee at least two years before the date of the Participant's termination of service with the Company. Payments in accordance with this subsection shall be made in annual installments, with the first installment payable upon the first day of the month next following 60 days after the termination of service of the Participant, or the date specified by the Participant in accordance with the provisions of subsection 5.1(b), as the case may be. Each annual installment shall be determined by dividing the value of the Participant's Plan Account as of the last day of the month prior to the date of payment by the number of remaining annual installments to be made in accordance with the Participant's election.

(c) Notwithstanding the foregoing provisions of this Section 5.2, in the event of the death or Disability of the Participant, whether prior to or following Retirement, the Participant or his Beneficiary, as the case may be, may request a lump sum payout of the Participant's entire Plan Account. Any such request shall be considered by the Committee, which shall have the sole discretion to either approve such a payment or to deny such a payment. If a lump sum payment is authorized by the Committee under these circumstances, payment of the Participant's Plan Account, based upon the amount credited to such Plan Account as of the last day of the month prior to the date of payment, shall be made within 60 days after the date on which the Committee approves such payment.

(d) During the period following a Participant's termination of employment with the Company and before payment of his Plan Account begins, and during the period that a Participant's Plan Account is being distributed in accordance with an installment payout election, the Plan Account shall continue to be credited with Credited Earnings in accordance with the provisions of Article IV and the Participant shall be entitled to make deemed investment elections with respect to the investment of his or her Plan Account.

(e) Notwithstanding the foregoing provisions of this Section 5, to the extent that a Participant's Plan Account is deemed to be invested in Company Stock at the time that distribution commences hereunder, such distribution shall be made, to the extent thereof, in whole shares of Company Stock, rather than in cash, with the value of any fractional share distributed in cash. In all other instances, a Participant's Plan Account shall be distributed in cash.

### 5.3 Early Distribution With Penalty.

Instead of receiving the distribution of a Participant's Plan Account at the time and in the manner otherwise specified in this Article V, a Participant may elect to receive his entire Plan Account in a lump sum at any time. If a Participant so elects, the amount of his Plan Account shall be reduced by 10% as a penalty for early distribution and the amount in such Plan Account as of the last day of the month prior to receipt by the Company of the Participant's election under this subsection, reduced by the 10% penalty amount, shall be paid to the Participant in a lump sum within 30 days after receipt by the Company of the Participant's election. To the extent that a Participant's Plan Account is invested in Company Stock, the lump sum distribution shall be made in whole shares of Company Stock, with the value of any fractional share distributed in cash. A Participant who makes such an election shall no longer be eligible to participate in the Plan. All elections under this section shall be made in writing, shall be effective when delivered to the Company and shall be irrevocable once made.

### 5.4 Distribution Upon Change in Control.

At the time a Participant elects to make Participant Deferrals in accordance with Section 3.1 with respect to a specified Plan Year, the Participant may also elect to receive payment of the amounts deferred under Article III of the Plan with respect to such Plan Year, or any or all earlier Plan Years, together with Credited Earnings thereon, in a lump sum or over a three, five, ten, fifteen or twenty year installment payout in the event of a Change in Control of the Company. A Participant may also elect to commence receiving payment in such circumstances, either immediately following the date of the Change in Control, after a period of one, three, five, ten, fifteen or twenty years following the date of the Participant's termination of employment, or, regardless of when service terminates, after a period of three, five, ten, fifteen or twenty years, as elected by the Participant. A Participant may also make such an election with respect to the payment of his or her Plan Account in the event of a Change in Control at any other time, provided, however, that any such election, whether in connection with the Participant's Participant Deferrals Election or otherwise, must be received by the Company at least six months before the date of the closing of the transaction that constitutes a Change in Control. If a Participant does not otherwise elect, or if any such election is ineffective because made within six months of a Change in Control, then such Participant shall receive an immediate lump sum payment of the amount allocated to his Plan Account as of the date of such Change in Control. Any Beneficiary receiving payments from the Plan at the time of a Change in Control of the Company shall receive an immediate lump sum payment of the amount allocated to his or her Plan Account as of the date of such Change in Control. All lump sum payments shall be made as soon as administratively possible following the date of the Change in Control.

### 5.5 Hardship Distributions.

In the event of hardship endured by a Participant and recognized as such by the Committee, and upon receipt by the Committee of a written application for the early distribution of amounts deferred, the Committee shall direct the distribution to the Participant of all amounts allocated to the Plan Account to the extent reasonably required to satisfy the hardship need. For purposes of this Plan, hardship shall mean a Participant's severe, unforeseeable financial hardship resulting from a sudden unexpected illness or accident of the Participant (or any of his family), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. In no event may a distribution be made to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, or (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. If the Committee grants a hardship distribution pursuant to this Section 5.5, the

Committee may also permit the Participant to reduce or eliminate his deferrals under the Plan for the remainder of the Plan Year. The Committee's decision with respect to the existence or nonexistence of hardship with respect to a particular Participant shall be final and binding on all parties.

#### 5.6 Source of Payments.

All amounts payable to any person under this Plan shall be paid from the general assets of the Company as such amounts become due and payable or, in the sole discretion of the Company, such amounts may be paid from the Trust in accordance with the provisions of the Trust and upon the written direction of the Company. If a Participant is employed by more than one entity during his period of participation in the Plan, the various employers shall agree among themselves with respect to the allocation of the obligation to make payments to the Participant in accordance with the provisions of this Plan.

#### 5.7 Beneficiaries.

Each Participant shall designate one or more persons, trusts or other entities as his Beneficiary to receive any amounts distributable hereunder at the time of the Participant's death. Such designation shall be made by the Participant on a Beneficiary Designation Form supplied by the Committee at his initial enrollment and may be changed from time to time by the Participant. Any such beneficiary designation shall apply to all amounts payable to a Participant hereunder. All payments to a Participant's Beneficiary under the Plan shall be made at the times and in the manner previously elected by the Participant with respect to distributions under the Plan, except as otherwise provided in Section 5.4. In the absence of an effective beneficiary designation as to part or all of a Participant's interest in the Plan, such amount shall be distributed to the personal representative of the Participant's estate.

#### 5.8 Withholding.

All amounts payable under the provisions of this Plan to any person shall be subject to withholding of applicable tax and other items in accordance with federal, state and local law.

### **ARTICLE VI**

#### **Administration**

##### 6.1 The Committee Plan Administrator.

(a) The Company's Retirement Committee, or a subcommittee thereof appointed by the Retirement Committee, shall serve as the Administrative Committee for this Plan. The Committee shall administer the Plan in accordance with its terms and purposes.

(b) The Committee may designate an individual to serve as Plan Administrator and may at any time revoke a prior designation and select a different individual to serve as Plan Administrator.

##### 6.2 Committee to Administer and Interpret Plan.

The Committee shall administer the Plan and shall have all powers necessary for that purpose, including, but not by way of limitation, power to interpret the Plan, to determine the eligibility, status and rights of all persons under the Plan and, in general, to decide any dispute. The Committee shall maintain all Plan records except records of the Trust fund.

##### 6.3 Organization of Committee.

The Committee shall adopt such rules as it deems desirable for the conduct of its affairs and for the administration of the Plan. It may appoint agents (who need not be members of the Committee) to whom it may delegate such powers as it deems appropriate, except that any dispute shall be determined by the Committee. The Committee may make its determinations with or without meetings. It may authorize one or more of its members or agents to sign instructions, notices and determinations on its behalf. The action of a majority of the Committee shall constitute the action of the Committee.

##### 6.4 Indemnification.

The Committee, the Plan Administrator and all of the other agents and representatives of the Committee shall be indemnified and saved harmless by the Company against any claims, and the expenses of defending against such claims, resulting from any action or conduct relating to the administration of the Plan, except claims judicially determined to be attributable to gross negligence or willful misconduct.

##### 6.5 Agent for Process.

The Committee shall be agent of the Plan for service of all process.

## **6.6 Determination of Committee Final.**

The decisions made by the Committee shall be final and conclusive on all persons.

## **6.7 The Trustee.**

The Trustee shall be responsible for: (a) the investment of the Trust fund to the extent and in the manner provided herein and in the Trust Agreement; the custody and preservation of Trust assets delivered to it; and (c) for making such distributions from the Trust fund as the Company shall direct. The Trustee shall have only the responsibilities specified in this section and in the Trust Agreement.

# **ARTICLE VII**

## **Trust**

### **7.1 Trust Agreement.**

The Company and each Affiliated Entity which has adopted the Plan have each entered into a Trust Agreement with the Trustee, which shall initially be Fidelity Management Trust Company, to provide for the holding, investment and administration of the funds of the Plan for the Participants who are employed by each such entity. The Trust Agreement shall be part of the Plan, and the rights and duties of any person under the Plan shall be subject to all of the terms and provisions of the Trust Agreement.

### **7.2 Expenses of Trust.**

The parties expect that the Trust will be treated as though it were not a separate taxpaying entity for federal and state income tax purposes and that, as a consequence, the Trust will not be subject to income tax with respect to its income. However, if the Trust should be taxable, the Company shall contribute the amount necessary to pay such taxes to the Trust and the Trustee shall pay all such taxes out of the Trust. All expenses of administering the Trust shall be paid by the Company.

# **ARTICLE VIII**

## **Affiliated Entities**

### **8.1 Adoption of Plan.**

Any Affiliated Entity, whether or not presently existing, may with the consent of the Committee become a party to the Plan by adopting the Plan for one or more of its highly- compensated and select management employees. In accordance with the provisions of Section 2.1, the Committee shall have the sole discretion to determine which employees of such an Affiliated Entity, if any, may participate in the Plan. Thereafter, such Affiliated Entity shall promptly deliver to the Company a copy of the document evidencing its adoption of the Plan. The Company and each such Affiliated Entity shall enter into such written agreements as they may consider necessary and appropriate in order to allocate the responsibility for payments due under the provisions of the Plan with respect to employees who transfer employment between participating employers.

### **8.2 Agency of the Company.**

Each Affiliated Entity by becoming a party to the Plan constitutes the Company its agent with authority to act for it in all transactions in which the Company believes such agency will facilitate the administration of the Plan and with authority to amend and terminate the Plan.

### **8.3 Disaffiliation and Withdrawal From Plan.**

Any Affiliated Entity which has adopted the Plan and which thereafter ceases for any reason to be an Affiliated Entity shall forthwith cease to be a party to the Plan. Any Affiliated Entity may, by resolution of its governing body and written notice thereof to the Company provide from and after the end of any plan year for the discontinuance of Plan participation by such employer and its employees.

### **8.4 Effect of Disaffiliation or Withdrawal.**

At the time of disaffiliation or withdrawal, the disaffiliating or withdrawing employer shall by resolution of its governing body determine whether to continue the Plan for its covered employees or to terminate the Plan as to such employees.

# **ARTICLE IX**

## **Amendment and Termination**

### 9.1 Termination of Deferrals.

The Company, through action of its Board of Directors, may terminate future Participant Deferrals under the Plan at any time, for any reason. If deferrals are discontinued, the Plan and Trust shall continue to operate in accordance with their respective terms and distributions shall be made to Participants (and Beneficiaries) in accordance with the provisions of the Plan.

### 9.2 Termination of Plan.

The Company and each Affiliated Entity which has adopted the Plan expect to continue this Plan indefinitely, but the Company and each such Affiliated Entity may terminate this Plan as to its employees at any time. Notwithstanding the foregoing, the Company and each such Affiliated Entity shall not terminate this Plan as to its employees solely for the purpose of accelerating the distribution of benefits to its employees.

### 9.3 Benefits Distributable Upon Termination.

Notwithstanding 9.1 above, the Company or the Affiliated Entity, as the case may be, shall distribute, or cause the Trustee to distribute, all benefits that have accrued under the Plan for Participants employed by the entity that terminates its participation in the Plan, together with all benefits that have accrued under the Plan for former Participants or Beneficiaries, as of the date of termination of the Plan, with such benefits computed and distributed as though all Participants terminated employment with the Company or the Affiliated Entity on the date of Plan termination.

### 9.4 Amendment by Company.

The Company may amend this Plan at any time and from time to time, but no amendment shall reduce any benefit that has accrued on the effective date of the amendment.

## **ARTICLE X**

### **Miscellaneous**

#### 10.1 Funding of Benefits - No Fiduciary Relationship.

All benefits payable under this Plan shall be distributed as they become due and payable either by the Company out of its general assets or from the Trust, as determined by the Company in its sole discretion. The Company and each Affiliated Entity that adopts the Plan pursuant to Article VIII shall be responsible for providing the benefits only for its own employees who are Participants in the Plan. Nothing contained in this Plan shall be deemed to create any fiduciary relationship between the Company and the Participants. To the extent that any person acquires a right to receive benefits under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

#### 10.2 Reimbursement for Certain Expenses.

The Plan and Trust have been established with the intent and understanding that, for federal income tax purposes, Participants in the Plan will not be subject to tax with respect to their participation in the Plan until such time as distributions are actually made to the Participants in accordance with the provisions of the Plan. If a Participant is treated by the Internal Revenue Service as having received income with respect to the Plan in a year prior to the actual receipt of distributions under the Plan, the Company shall reimburse the Participant for all reasonable legal and accounting costs incurred by the Participant in contesting such proposed treatment.

#### 10.3 Right to Terminate Employment.

The Company and each Affiliated Entity may terminate the employment of any Participant as freely and with the same effect as if this Plan were not in existence.

#### 10.4 Inalienability of Benefits.

No Participant shall have the right to assign, transfer, hypothecate, encumber or anticipate his interest in any benefits under this Plan, nor shall the benefits under this Plan be subject to any legal process to levy upon or attach the benefits for payment for any claim against the Participant or his spouse. If any Participant's benefits are garnished or attached by the order of any court, the Company may bring an action for declaratory judgment in a court of competent jurisdiction to determine the proper recipient of the benefits to be distributed pursuant to the Plan. During the pendency of the action, any benefits that become distributable shall be paid into the court as they become distributable, to be distributed by the court to the recipient it deems proper at the conclusion of the action. Notwithstanding the foregoing provisions of this Section 10.4, a Participant shall have the right to assign any amounts that may become payable hereunder for any reason other than the death of the Participant to a revocable trust of which the Participant is the grantor or a family partnership controlled by the Participant, provided that any such assignment shall not enable the Participant to anticipate or otherwise receive current economic benefit from such assignment.

#### 10.5 Claims Procedure.

- (a) All claims shall be filed in writing by the Participant, his spouse or the authorized representative of the claimant, by completing such procedures as the Committee shall require. Such procedures shall be reasonable and may include the completion of forms and the submission of documents and additional information.
- (b) If a claim is denied, notice of denial shall be furnished by the Committee to the claimant within 90 days after the receipt of the claim by the Committee, unless special circumstances require an extension of time for processing the claim, in which event notification of the extension shall be provided to the Participant or beneficiary and the extension shall not exceed 90 days.
- (c) The Committee shall provide adequate notice, in writing, to any claimant whose claim has been denied, setting forth the specific reasons for such denial, specific reference to pertinent Plan provisions, a description of any additional material or information necessary for the claimant to perfect his claims and an explanation of why such material or information is necessary, all written in a manner calculated to be understood by the claimant. Such notice shall include appropriate information as to the steps to be taken if the claimant wishes to submit his claim for review. The claimant or the claimants authorized representative may request such review within the reasonable period of time prescribed by the Committee. In no event shall such a period of time be less than 60 days. A decision on review shall be made not later than 60 days after the Committees receipt of the request for review. If special circumstances require a further extension of time for processing, a decision shall be rendered not later than 120 days following the Committees receipt of the request for review. If such an extension of time for review is required, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The decision on review shall be furnished to the claimant. Such decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Plan provisions on which the decision is based.

10.6 Disposition of Unclaimed Distributions.

Each Participant must file with the Company from time to time in writing his address and each change of address. Any communication, statement or notice addressed to a Participant at his last address filed with the Company, or if no address is filed with the Company, then at his last address as shown on the Company's records, will be binding on the Participant and his spouse for all purposes of the Plan. The Company shall not be required to search for or locate a Participant or his spouse. If the Committee notifies a Participant (or Beneficiary) that he is entitled to a distribution and also notifies him of the provisions of this section, and the individual fails to claim his benefits under this Plan or make his address known to the Committee within five calendar years after the notification, the benefits under the Plan of such individual shall be forfeited as of the end of the Plan Year coincident with or following the five year waiting period. If the individual should later make a claim for his forfeited benefit, the Company shall cause the amount of the forfeited benefit to be distributed to the individual, either through a direct payment by the Company or through a payment from the Trust.

10.7 Distributions Due Minors or Incompetents.

If any person entitled to a distribution under the Plan is a minor, or if the Committee determines that any such person is incompetent by reason of physical or mental disability, whether or not legally adjudicated an incompetent, the Committee shall have the power to cause the distributions becoming due to such person to be made to another for his or her benefit, without responsibility of the Committee or the Trustee to see to the application of such distributions. Distributions made pursuant to such power shall operate as a complete discharge of the Company, the Trust fund, the Trustee and the Committee.

10.8 Governing Law.

This Plan shall be governed by the laws of the State of Colorado.

Dated: \_\_\_\_\_

**ATTEST: ADOLPH COORS COMPANY**

By: \_\_\_\_\_

By: \_\_\_\_\_

| TABLE OF CONTENTS |                    | Page |
|-------------------|--------------------|------|
| RECITALS          |                    | 1    |
| ARTICLE I         | Definitions        | 1    |
| 1.1               | Affiliated Entity  | 1    |
| 1.2               | Base Salary        | 1    |
| 1.3               | Beneficiary        | 1    |
| 1.4               | Change in Control  | 1    |
| 1.5               | Committee          | 3    |
| 1.7               | "Company Stock"    | 3    |
| 1.8               | Compensation       | 4    |
| 1.9               | Credited Earnings  | 4    |
| 1.10              | Disability         | 4    |
| 1.11              | Election Agreement | 4    |
| 1.12              | Executive Bonus    | 4    |
| 1.13              | Participant        | 4    |

|              |   |    |
|--------------|---|----|
| 1.14         | Participant Deferrals                           | 4  |
| 1.15         | Plan Account                                    | 4  |
| 1.16         | Plan Year                                       | 4  |
| 1.17         | Retirement                                      | 4  |
| 1.18         | "Stock Option"                                  | 5  |
| 1.19         | Trust   | 5  |
| 1.20         | Trust Agreement                                 | 5  |
| 1.21         | Trustee   | 5  |
| ARTICLE II   | Eligibility and Participation                   | 5  |
| 2.1          | Eligibility and Participation                   | 5  |
| 2.2          | Enrollment                                      | 5  |
| 2.3          | Failure of Eligibility                          | 5  |
| ARTICLE III  | Contribution Deferrals                          | 6  |
| ARTICLE IV   | Accounting and Investments                      | 6  |
| 4.1          | Accounting                                      | 6  |
| 4.2          | Deemed Investment Elections                     | 6  |
| ARTICLE V    | Distributions                                   | 7  |
| 5.1          | Time of Distribution                            | 7  |
| 5.2          | Method and Amount of Distribution               | 8  |
| 5.3          | Early Distribution With Penalty                 | 9  |
| 5.4          | Distribution Upon Change in Control             | 9  |
| 5.5          | Hardship Distributions                          | 10 |
| 5.6          | Source of Payments                              | 10 |
| 5.7          | Beneficiaries                                   | 10 |
| 5.8          | Withholding                                     | 10 |
| ARTICLE VI   | Administration                                  | 11 |
| 6.1          | The Committee Plan Administrator                | 11 |
| 6.2          | Committee to Administer and Interpret Plan      | 12 |
| 6.3          | Organization of Committee.                      | 12 |
| 6.4          | Indemnification                                 | 12 |
| 6.5          | Agent for Process                               | 12 |
| 6.6          | Determination of Committee Final                | 12 |
| 6.7          | The Trustee                                     | 12 |
| ARTICLE VII  | Trust   | 13 |
| 7.1          | Trust Agreement                                 | 13 |
| 7.2          | Expenses of Trust                               | 13 |
| ARTICLE VIII | Affiliated Entities                             | 13 |
| 8.1          | Adoption of Plan                                | 13 |
| 8.2          | Agency of the Company                           | 13 |
| 8.3          | Disaffiliation and Withdrawal From Plan         | 14 |
| 8.4          | Effect of Disaffiliation or Withdrawal          | 14 |
| ARTICLE IX   | Amendment and Termination                       | 14 |
| 9.1          | Termination of Deferrals                        | 14 |
| 9.2          | Termination of Plan                             | 14 |
| 9.3          | Benefits Distributable Upon Termination         | 14 |
| 9.4          | Amendment by Company                            | 15 |
| ARTICLE X    | Miscellaneous                                   | 15 |
| 10.1         | Funding of Benefits - No Fiduciary Relationship | 15 |
| 10.2         | Reimbursement for Certain Expenses              | 15 |
| 10.3         | Right to Terminate Employment                   | 15 |
| 10.4         | Inalienability of Benefits                      | 15 |
| 10.5         | Claims Procedure                                | 16 |
| 10.6         | Disposition of Unclaimed Distributions          | 16 |
| 10.7         | Distributions Due Minors or Incompetents        | 17 |
| 10.8         | Governing Law                                   | 17 |

# ADOLPH COORS COMPANY

## EQUITY INCENTIVE PLAN

Amended and restated,  
effective February 16, 2001

| TABLE OF CONTENTS   | Page |
|---|------|
| Section 1 - Introduction                                  | 1    |
| 1.1 Establishment and Amendment                           | 1    |
| 1.2 Purposes  | 1    |
| 1.3 Effective Date  | 1    |
| Section 2 - Definitions                                   | 1    |
| 2.1 Definitions   | 1    |
| 2.2 Gender and Number                                     | 2    |
| Section 3 - Plan Administration                           | 2    |
| 3.1 General   | 2    |
| 3.2 Delegation by Committee                               | 3    |
| 3.3 Claims  | 3    |
| Section 4 - Stock Subject to the Plan                     | 3    |
| 4.1 Number of Shares                                      | 3    |
| 4.2 Other Shares of Stock                                 | 4    |
| 4.3 Adjustments for Stock Split, Stock Dividend, Etc      | 4    |
| 4.4 Other Distributions and Changes in the Stock          | 4    |
| 4.5 General Adjustment Rules                              | 4    |
| 4.6 Determination by the Committee, Etc                   | 4    |
| Section 5 - Reorganization or Liquidation                 | 4    |
| 5.1 Adjustment of Awards                                  | 5    |
| Section 6 - Participation                                 | 6    |
| 6.1 In General  | 6    |
| 6.2 Restriction on Award Grants to Certain Individuals    | 7    |
| 6.3 General Restrictions on Awards                        | 7    |
| Section 7 - Stock Options                                 | 7    |
| 7.1 Grant of Stock Options                                | 7    |
| 7.2 Stock Option Certificates                             | 7    |
| 7.3 Shareholder Privileges                                | 10   |
| Section 8 - Restricted Stock Awards                       | 10   |
| 8.1 Grant of Restricted Stock Awards                      | 10   |
| 8.2 Restrictions  | 10   |
| 8.3 Privileges of a Stockholder, Transferability          | 10   |
| 8.4 Enforcement of Restrictions                           | 10   |
| Section 9 - Purchase of Stock                             | 11   |
| 9.1 General   | 11   |
| 9.2 Other Terms   | 11   |
| Section 10 - Other Common Stock Grants                    | 11   |
| Section 11 - Company Right To Purchase Stock              | 11   |
| 11.1 Right of First Refusal                               | 11   |
| 11.2 Marking of Certificates                              | 12   |
| Section 12 - Change in Control                            | 12   |
| 12.1 In General   | 12   |
| 12.2 Limitation on Payments                               | 12   |
| Section 13 - Rights of Employees; Participants            | 13   |
| 13.1 Employment   | 13   |
| 13.2 Nontransferability                                   | 13   |
| Section 14 - General Restrictions                         | 14   |
| 14.1 Investment Representations                           | 14   |
| 14.2 Compliance with Securities Laws                      | 14   |
| 14.3 Changes in Accounting Rules                          | 14   |
| Section 15 - Other Employee Benefits                      | 14   |
| Section 16 - Plan Amendment, Modification and Termination | 14   |
| Section 17 - Withholding                                  | 15   |
| 17.1 Withholding Requirement                              | 15   |
| 17.2 Withholding With Stock                               | 15   |

|  |    |
|--|----|
| Section 18 - Requirements of Law         | 15 |
| 18.1 Requirements of Law                 | 15 |
| 18.2 Federal Securities Law Requirements | 15 |
| 18.3 Governing Law                       | 15 |
| Section 19 - Duration of the Plan.       | 15 |

ADOLPH COORS COMPANY  
EQUITY INCENTIVE PLAN

Amended and restated,  
effective February 16, 2001

## Section 1

### Introduction

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

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

1.3 Effective Date. The original effective date of the Plan (the "Effective Date") was January 1, 1990. The Plan as hereby amended and restated in its entirety, is effective February 16, 2001. The Plan, as amended and restated, and each option or other award granted hereunder is conditioned on and shall be of no force or effect until approval of the Plan by the holders of the shares of voting stock of the Company unless the Company, on the advice of counsel, determines that shareholder approval is not necessary.

## Section 2

### Definitions

2.1 Definitions. The following terms shall 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 designated as an "Affiliated Corporation" by the Board.

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

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

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

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

(f) "Eligible Employees" means those employees (including, without limitation, officers and members of the Board who are also employees) of the Company or any division thereof, upon whose judgment, initiative and efforts the Company is, or will become, largely dependent for the successful conduct of their business. For purposes of the Plan, an employee is any individual who provides services to the Company or any subsidiary or division thereof as a common law employee and whose remuneration is subject to the withholding of federal income tax pursuant to section 3401 of the Code. Employee shall not include any individual (i) who provides services to the Company or any subsidiary or division thereof under an agreement, contract, or any other arrangement pursuant to which the individual is initially classified as an independent contractor or (ii) whose remuneration for services has not been treated initially as subject to the withholding of federal income tax pursuant to section 3401 of the Code even if the individual is subsequently reclassified as a common law employee as a result of a final decree of a court of competent jurisdiction or the settlement of an administrative or judicial proceeding. Leased employees shall not be treated as employees under



this Plan.

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

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

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

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

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

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

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

(n) "Voting Stock" means the \$1.00 par value Class A Common Stock of the Company.

2.2 Gender and Number to \12 "2.2 Gender and Number . Except when otherwise indicated by the context, the masculine gender shall also include the feminine gender, and the definition of any term herein in the singular shall also include the plural.

## Section 3

### Plan Administration

3.1 General. The Plan shall be administered by the Committee. In accordance with the provisions of the Plan, the Committee shall, in its sole discretion, select the Participants from among the Eligible Employees, determine the Options, Restricted Stock Awards and other Awards to be granted pursuant to the Plan, the number of shares of Stock to be issued thereunder and the time at which such Options and Restricted Stock Awards are to be granted, fix the Option Price, period and manner in which an Option becomes exercisable, establish the duration and nature of Restricted Stock Award restrictions, establish the terms and conditions on which an offer to purchase Stock will be made, and establish such other terms and requirements of the various compensation incentives under the Plan as the Committee may deem necessary or desirable and consistent with the terms of the Plan. The Committee shall determine the form or forms of the agreements with Participants which shall evidence the particular provisions, terms, conditions, rights and duties of the Company and the Participants with respect to Awards granted pursuant to the Plan, which provisions need not be identical except as may be provided herein. The Committee may from time to time adopt such rules and regulations for carrying out the purposes of the Plan as it may deem proper and in the best interests of the Company. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement entered into hereunder in the manner and to the extent it shall deem expedient and it shall be the sole and final judge of such expediency. No member of the Committee shall be liable for any action or determination made in good faith. The determinations, interpretations and other actions of the Committee pursuant to the provisions of the Plan shall be binding and conclusive for all purposes and on all persons.

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

### 3.3 Claims.

(a) A Participant who wishes to appeal any determination of the Committee concerning an Award granted pursuant to the Plan shall notify the Committee in a writing, which shall state the basis for the appeal. The appeal shall be filed with the Committee within 30 days after the date the Participant received the notice from the Committee. The written appeal may be filed by the Participant's authorized representative. The

Committee shall review the appeal and issue its decision within 90 days after it receives the Participant's appeal. If the Committee needs additional time to review the appeal, it shall notify the Participant in writing and specify when it expects to render its decision. After completion of its review, the Committee shall notify the Participant of its decision in writing, which shall state the reasons for the Committee's decision.

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

#### Section 4

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

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

4.2 Other Shares of Stock. Any shares of Stock that are subject to an Option that expires or for any reason is terminated unexercised, any shares of Stock that are subject to an Award (other than an Option) and that are forfeited, any shares of Stock withheld for the payment of taxes or received by the Company as payment of the exercise price of an Option and any shares 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; (ii) the shares of the Stock then included in each outstanding Award granted hereunder; and (iii) the maximum number of Shares available for grant to any one person pursuant to Section 6.3 of the Plan.

4.4 Other Distributions and Changes in the Stock. If

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

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

(d) 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.

4.4 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.

4.5 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

#### 5.1 Adjustment of Awards.

(a) Upon the occurrence of a Corporate Transaction (as defined in subsection 5.1(b)), 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 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 Corporate Transaction, provided, however, that any acceleration shall be subject to the limitations and provisions of Section 12.2.

(b) Corporate Transaction. A Corporate Transaction shall include any of the following:

(i) with the consent of the Board, a Person other than Existing Shareholders or a Person controlled by Existing Shareholders becomes the ultimate Beneficial Owner of more than 20% of the total voting power of the Voting Stock of the Company and such ownership represents a greater percentage of the total voting power of the Voting Stock of the Company than is Beneficially Owned by Existing Shareholders on such date; except the following acquisitions are not a Corporate Transaction: (A) an acquisition of Voting Stock by the Company or one of its wholly-owned subsidiaries or (B) an acquisition of Voting Stock that meets the conditions in clauses (A), (B) and (C) of paragraph (ii) of this Section 5.1(b) below, or (C) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or by any corporation controlled by the Company;

(ii) the Company consolidates with, or merges with or into, another Person or the Company or a subsidiary of the Company sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person in a transaction that would require approval of the Company's shareholders under Section 7-112-101 and 7-112-102 of the Colorado Business Corporation Act (except a transfer to an entity wholly-owned by the Company or one of its wholly-owned subsidiaries), or any Person consolidates with, or merges with or into, the Company, (each a "Business Combination") unless, immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Company Common Stock and Company Voting Stock immediately prior to such Business Combination Beneficially Own, directly or indirectly, 50% or more of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding Voting Stock of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company and all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Company Common Stock and Company Voting Stock, (B) no Person (other than (1) Existing Shareholders and any Person controlled by Existing Shareholders, (2) any corporation resulting from such Business Combination or (3) any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) Beneficially Owns, directly or indirectly, 20% or more of the then-outstanding voting power of the Voting Stock of such corporation and Beneficially Owns a greater percentage of the voting power of such Voting Stock of such Person than the Existing Shareholders and any Person controlled by Existing Shareholders and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Board at the time of the action of the Board, if any, providing for such Business Combination or if there was not such action, on the effective date of this amended and restated Plan; or

(iii) with the consent of the Board individuals who, on the effective date of this amended and restated Plan, constitute the Board (together with any thereafter elected directors whose election by the Board or whose nomination by the Board for election by the Company's shareholders was approved by a vote of at least a majority of the members of the Board then in office who either were members of the Board on the effective date of this amended and restated Plan, or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of the Board then in office.

(c) For purposes of subsection 5.1(b) and Section 12.3, the following definitions are applicable:

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

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

(iii) "Existing Shareholder" means the Adolph Coors, Jr. Trust, any individual who or entity which has been, is or in the future becomes a trustee thereof or any beneficiary thereof, any other trust the primary beneficiaries of which are descendants of Adolph Coors, Sr. or spouses or former spouses of such descendants, and/or any individual who or entity which has been, is or in the future becomes a trustee of any such trusts or any beneficiary thereof.

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

(v) "Voting Stock" means any and all shares, interests, participations, rights in or other equivalents of capital stock and warrants or options exchangeable for or convertible into such capital stock which ordinarily has the power to vote for the election of directors, managers or other voting members of the governing body (the "Governing Board") of a Person. If any members of the Governing Board are elected by classes of common stock voting as separate classes, Voting Stock shall mean the stock of the class of common stock entitled to elect the majority of the Governing Board, provided, if the separate classes are entitled to elect equal numbers of the Governing Board, then all such shares of common stock shall be deemed to be Voting Stock, but the voting power of Voting Stock held by a Person (including the Existing Shareholders) shall be separately calculated for each class and the result for each class shall be deemed to be Beneficial Ownership of Voting Stock of the Company.

## 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.

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

## Section 7

### Stock Options

7.1 Grant of Stock Options. Coincident with or following designation for participation in the Plan, a Participant may be granted one or more Options. In no event shall the exercise of one Option affect the right to exercise any other Option or affect the number of shares of Stock for which any other Option may be exercised, except as provided in subsection 7.2(j).

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

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

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

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

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

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

(ii) If the Option Holder retires from employment by the Company or its affiliates during the Option Period pursuant to the Company's retirement policy, or if the Option Holder becomes disabled (as determined pursuant to the Company's Long-Term Disability Plan), the Option may be exercised by the Option Holder, or in the case of death by the persons specified in subsection (iii) of this subsection 7.2(d), within thirty-six months following his or her retirement or disability (provided that such exercise must occur within the Option Period), but not thereafter. In any such case, the Option may be exercised only as to the shares as to which the Option had become exercisable on or before the date of the Option Holder's termination of employment.

(iv) If the Option Holder dies during the Option Period while still employed or within the one year 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 one year following the date of such termination (provided that such exercise must occur within the Option Period), but not thereafter. In any such case, the Option may be exercised only as to the shares as to which the Option had become exercisable on or before the date of termination of employment.

(e) Transferability.

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

(ii) The Committee may, however, provide at the time of grant or thereafter that the Option Holder may transfer an Option to a member of the Option Holder's immediate family, a trust of which members of the Option Holder's immediate family are the only beneficiaries, or a partnership of which members of the Option Holder's immediate family or trusts for the sole benefit of the Option Holder's immediate family are the only partners (the "InterVivos Transferee"). Immediate family means the Option Holder's spouse, issue (by birth or adoption), parents, grandparents, siblings (including half brothers and sisters and adopted siblings) and nieces and nephews. No transfer shall be effective unless the Option Holder shall have notified the Company of the transfer in writing and has furnished a copy of the documents that effect the transfer to the Company. The InterVivos Transferee shall be subject to all of the terms of this Plan and the Option, including, but not limited to, the vesting schedule, termination provisions, and the manner in which the Option may be exercised. The Committee may require the Option Holder and the InterVivos Transferee to enter into an appropriate agreement with the Company providing for, among other things, the satisfaction of required tax withholding with respect to the exercise of the transferred Option and the satisfaction of any Stock retention requirements applicable to the Option Holder, together with such other terms and conditions as may be specified by the Committee. Except to the extent provided otherwise in such agreement, the InterVivos Transferee shall have all of the rights and obligations of the Option Holder under this Plan.

(f) Agreement to Continue in Employment. Each stock option certificate or 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 certificate or agreement shall provide that the method for exercising the Option granted therein shall be by delivery to the Corporate Secretary of the Company of written notice specifying the number of shares with respect to which such Option is exercised and payment of the Option Price. Such notice shall be in a form satisfactory to the Committee and shall specify the particular Option (or portion thereof) which is being exercised and the number of shares with respect to which the Option is being exercised. The exercise of the Stock Option shall be deemed effective upon receipt of such notice by the Corporate Secretary and payment to the Company. If requested by the Company, such notice shall contain the Option Holder's representation that he or she is purchasing the Stock for investment purposes only and his or her agreement not to sell any Stock so purchased in any manner that is in violation of the Securities Act of 1933, as amended, or any

applicable state law. Such restrictions, or notice thereof, shall be placed on the certificates representing the Stock so purchased. The purchase of such Stock shall take place at the principal offices of the Company upon delivery of such notice, at which time the purchase price of the Stock shall be paid in full by any of the methods or any combination of the methods set forth in (ii) below. A properly executed certificate or certificates representing the Stock shall be issued by the Company and delivered to the Option Holder. If certificates representing Stock are used to pay all or part of the exercise price, separate certificates for the same number of shares of Stock shall be issued by the Company and delivered to the Option Holder representing each certificate used to pay the Option Price, and an additional certificate shall be issued by the Company and delivered to the Option Holder representing the additional shares, in excess of the Option Price, to which the Option Holder is entitled as a result of the exercise of the Option (the "Additional Shares"). Notwithstanding the foregoing, if a Participant has validly elected, in accordance with the provisions of the Adolph Coors Company Deferred Compensation Plan, or any successor plan, to defer the receipt of such Additional Shares, then such Additional Shares shall be issued and delivered to the trustee of the trust formed pursuant to the provisions of such Deferred Compensation Plan, or otherwise deferred in accordance with the provisions of such Deferred Compensation Plan, and the rights of the Participant with respect to such Additional Shares shall be determined in accordance with the provisions of the Deferred Compensation Plan.

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

(A) in cash;

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

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

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

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

(i) Notice of Sale of Stock; Withholding. Each stock option certificate or agreement shall provide that, upon exercise of the Option, the Option Holder shall make appropriate arrangements with the Company to provide for the amount of additional withholding required by Sections 3102 and 3402 of the Internal Revenue Code and applicable state income tax laws, including payment of such taxes through delivery of shares of Stock or by withholding Stock to be issued under the Option, as provided in Section 17.

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

7.3 Shareholder Privileges. No Option Holder shall have any rights as a shareholder with respect to any shares of Stock covered by an Option until the Option Holder becomes the holder of record of such Stock, and no adjustments shall be made for dividends or other distributions or other rights as to which there is a record date preceding the date such Option Holder becomes the holder of record of such Stock, 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) The Committee may, in its sole discretion, provide at the time of the grant of an Award and cause to be reflected in the certificate or agreement with respect to such Award that the Stock acquired pursuant to the Plan shall be subject to the Company's right of first refusal set forth in the following subsections of this Section 11.1. The Committee may also, in its sole discretion, waive the Company's rights under this Section 11 with respect to outstanding Awards and may modify outstanding Awards accordingly.

(b) In the event of the death of a Participant, or if a Participant at any time proposes to transfer any of the Stock acquired pursuant to the Plan to a third party, the Participant (or his personal representative or estate, as the case may be) shall make a written offer (the "Offer") to sell all of the Stock acquired pursuant to the Plan then owned by the Participant (or thereafter acquired by the Participant's estate or personal representative pursuant to any Award hereunder) to the Company at the "purchase price" as hereinafter defined. In the case of a proposed sale of any of the Stock to a third party, the Offer shall state the name of the proposed transferee and the terms and conditions of the proposed transfer. In 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(e).

(c) The Company shall exercise its right to purchase the Stock by given written notice of its exercise to the Participant (or his personal representative or estate, as the case may be). If the Company elects to purchase the Stock, payment for the shares of Stock shall be made in full by Company check. Any such payments shall be made within ten (10) days after the election to purchase has been exercised.

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

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

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

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

## Section 12

### Change in Control

**12.1 In General.** In the event of a Change in Control of the Company as defined in Section 12.3, then, subject to the provisions of Section 12.2, (a) all Options shall become immediately exercisable in full during the remaining term thereof, and shall remain so, whether or not the Participants to whom such Options have been granted remain employees of the Company or an Affiliated Corporation; and (b) all restrictions with respect to outstanding Restricted Stock Awards shall immediately lapse. The Committee shall, in the event of a Change in Control of the Company, either (x) make appropriate provision for the adoption and continuation of the Plan and the outstanding Options by the acquiring or successor corporation and for the protection of outstanding Options by the substitution on an equitable basis of appropriate stock of the Company or of the merged, consolidated or other reorganized corporation that will be issuable with respect to the Stock, provided that the excess of the aggregate Fair Market Value of the shares subject to the Options immediately after such substitution over the Option Price thereof is not 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 (y) 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.

**12.2 Limitation on Payments.** If the provisions of Section 5 or 12 would result in the receipt by any Participant of a payment within the meaning of

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

**12.3 Definitions.** (a) For purposes of the Plan, a "Change in Control" means such time as:

(i) without the consent of the Board, a Person other than Existing Shareholders or a Person controlled by Existing Shareholders becomes the ultimate Beneficial Owner of more than 20% of the total voting power of the Voting Stock of the Company and such ownership represents a greater percentage of the total voting power of the Voting Stock of the Company than is Beneficially Owned by Existing Shareholders on such date; except the following acquisitions are not a Change in Control: (A) an acquisition of Voting Stock by the Company or one of its wholly-owned subsidiaries or (B) an acquisition of Voting Stock that complies with clauses (A), (B) and (C) of Section 5.1(b)(ii) or (C) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company, or by any corporation controlled by the Company, or

(iii) without the consent of the Board, individuals who on the effective date of this amended and restated Plan constitute the Board (together with any thereafter elected directors whose election by the Board or whose nomination by the Board for election by the Company's shareholders was approved by a vote of at least a majority of the members of the Board then in office who either were members of the Board



on the effective date of this amended and restated Plan or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of the Board then in office; or

(iii) the shareholders of the Company approve a complete liquidation or dissolution of the Company.

(b) The definitions set forth in subsection 5.1(c) shall apply for purposes of this Section 12.3.

## 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. Except as provided otherwise by the Committee at the time of grant or thereafter, no right or interest of any Participant in an Option or a Restricted Stock Award (prior to the completion of the restriction period applicable thereto), granted pursuant to the Plan, shall be assignable or transferable during the lifetime of the Participant, either voluntarily or involuntarily, or subjected to any lien, directly or indirectly, by operation of law, or otherwise, including execution, levy, garnishment, attachment, pledge or bankruptcy. In the event of a Participant's death, a Participant's rights and interests in Options and Restricted Stock Awards shall, to the extent provided in Sections 7, 8 and 9, be transferable by testamentary will or the laws of descent and distribution, and payment of any amounts due under the Plan shall be made to, and exercise of any Options may be made by, the Participant's legal representatives, heirs 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 executive officer or director of the Company within the meaning of Section 16, the Committee may require that Awards granted hereunder shall be subject to all conditions required under Rule 16b-3, or any successor rule promulgated under the 1934 Act, to qualify the Award for any exception from the provisions of Section 16(b) of the 1934 Act available under that Rule. Such conditions shall be set forth in the agreement with the Participant which describes the Award.

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

## Section 19

### **Duration of the Plan.**

The Plan shall terminate at such time as may be determined by the Board of Directors, and no Option or Restricted Stock Award, or Stock shall be granted or purchased after such termination. Options and Restricted Stock Awards outstanding at the time of the Plan termination may continue to be exercised, or become free of restrictions, or paid, in accordance with their terms.

Dated: \_\_\_\_\_

**ADOLPH COORS COMPANY**

**ATTEST:**

\_\_\_\_\_ By: \_\_\_\_\_

---

**End of Filing**

Powered By **EDGAR**  
Online

© 2005 | EDGAR Online, Inc.