MOLSON COORS BREWING CO
Form 10-Q
November 07, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly period ended September 28, 2008

OR

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

For the transition period from to .
Commission File Number: 1-14829

Molson Coors Brewing Company
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	**84-0178360** (I.R.S. Employer Identification No.)
1225 17th Street, Denver, Colorado, USA **1555 Notre Dame Street East, Montréal, Québec, Canada** (Address of principal executive offices)	**80202** **H2L 2R5** (Zip Code)

303-279-6565 (Colorado)
514-521-1786 (Québec)
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

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

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of October 24, 2008:

Class A Common Stock	2,622,780 shares
Class B Common Stock	156,303,300 shares

Exchangeable shares:

As of October 24, 2008, the following number of exchangeable shares was outstanding for Molson Coors Canada, Inc.:

Class A Exchangeable shares	3,313,807 shares
Class B Exchangeable shares	21,398,058 shares

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

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(IN MILLIONS, EXCEPT PER SHARE DATA)

(UNAUDITED)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 28, 2008	September 30, 2007	September 28, 2008	September 30, 2007
Sales	$ 1,373.8	$ 2,257.2	$ 5,549.5	$ 6,152.5
Excise taxes	(452.7)	(571.8)	(1,514.3)	(1,562.2)
Net sales	921.1	1,685.4	4,035.2	4,590.3
Cost of goods sold	(524.4)	(987.3)	(2,392.9)	(2,724.4)
Gross profit	396.7	698.1	1,642.3	1,865.9
Marketing, general and administrative expenses	(236.8)	(461.1)	(1,136.6)	(1,314.8)
Special items, net	(24.8)	(55.3)	(136.1)	(88.9)
Equity income in MillerCoors	106.5		106.5	
Operating income	241.6	181.7	476.1	462.2
Interest expense, net	(21.6)	(24.2)	(68.6)	(75.5)
Debt extinguishment costs		(24.5)	(12.4)	(24.5)
Other income, net	7.7	1.9	6.4	18.1
Income from continuing operations before income taxes and minority interests	227.7	134.9	401.5	380.3
Income tax (expense) benefit	(57.0)	5.7	(80.5)	(28.0)
Income from continuing operations before minority interests	170.7	140.6	321.0	352.3
Minority interests in net income of consolidated entities	(0.7)	(5.5)	(11.6)	(13.6)
Income from continuing operations	170.0	135.1	309.4	338.7
Gain (loss) from discontinued operations, net of tax	3.2	(0.4)	(18.1)	(14.7)
Net income	$ 173.2	$ 134.7	$ 291.3	$ 324.0
Basic income (loss) per share:				
From continuing operations	$ 0.93	$ 0.75	$ 1.70	$ 1.90
From discontinued operations	0.02		(0.10)	(0.08)

Basic net income per share	$	0.95	$	0.75	$	1.60	$	1.82
Diluted income (loss) per share:								
From continuing operations	$	0.92	$	0.74	$	1.67	$	1.87
From discontinued operations		0.02				(0.10)		(0.08)
Diluted net income per share	$	0.94	$	0.74	$	1.57	$	1.79
Weighted average shares basic		183.5		179.4		182.3		178.2
Weighted average shares diluted		185.7		181.7		185.5		180.8

See notes to unaudited condensed consolidated financial statements.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(IN MILLIONS)

(UNAUDITED)

	As of September 28, 2008	As of December 30, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 334.5	$ 377.0
Accounts receivable, net	591.4	758.5
Other receivables, net	116.6	112.6
Inventories:		
Finished, net	110.8	164.0
In process	17.4	40.7
Raw materials	45.6	82.3
Packaging materials, net	57.6	82.6
Total inventories, net	231.4	369.6
Other assets, net	88.5	135.7
Deferred tax assets		17.9
Discontinued operations	2.0	5.5
Total current assets	1,364.4	1,776.8
Properties, net	1,550.4	2,696.2
Goodwill	1,587.1	3,346.5
Other intangibles, net	4,676.5	5,039.4
Investment in MillerCoors	2,698.0	
Deferred tax assets	196.2	336.9
Notes receivable, net	69.6	71.2
Other assets	169.8	179.5
Discontinued operations	8.1	5.1
Total assets	$ 12,320.1	$ 13,451.6

See notes to unaudited condensed consolidated financial statements.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(IN MILLIONS, EXCEPT PAR VALUE)

(UNAUDITED)

	As of September 28, 2008	As of December 30, 2007
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 261.1	$ 380.7
Accrued expenses and other liabilities	873.8	1,189.1
Deferred tax liabilities	167.0	120.6
Short-term borrowings and current portion of long-term debt	0.6	4.3
Discontinued operations	20.9	40.8
Total current liabilities	1,323.4	1,735.5
Long-term debt	1,994.2	2,260.6
Pension and post-retirement benefits	400.9	677.8
Derivative hedging instruments	440.4	477.4
Deferred tax liabilities	551.0	605.4
Unrecognized tax benefits	244.0	285.9
Other liabilities	63.8	90.9
Discontinued operations	154.0	124.8
Total liabilities	5,171.7	6,258.3
Minority interests	8.9	43.8
Stockholders' equity		
Capital stock:		
Preferred stock, non-voting, no par value (authorized: 25.0 shares; none issued)		
Class A common stock, voting, $0.01 par value per share (authorized: 500.0 shares; issued and outstanding: 2.6 shares and 2.7 shares at September 28, 2008 and December 30, 2007, respectively)		
Class B common stock, non-voting, $0.01 par value per share (authorized: 500.0 shares; issued and outstanding:155.0 shares and 149.6 shares at September 28, 2008 and December 30, 2007, respectively)	1.5	1.5
Class A exchangeable shares (issued and outstanding: 3.3 shares at September 28, 2008 and December 30, 2007)	124.7	124.8
Class B exchangeable shares (issued and outstanding:22.7 shares and 25.1 shares at September 28, 2008 and December 30, 2007, respectively)	852.3	945.3
Total capital stock	978.5	1,071.6
Paid-in capital	3,182.2	3,022.5
Retained earnings	2,139.4	1,950.5
Accumulated other comprehensive income	839.4	1,104.9
Total stockholders' equity	7,139.5	7,149.5
Total liabilities and stockholders' equity	$ 12,320.1	$ 13,451.6

See notes to unaudited condensed consolidated financial statements.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN MILLIONS)

(UNAUDITED)

	Thirty-Nine Weeks Ended September 28, 2008	Thirty-Nine Weeks Ended September 30, 2007
Cash flows from operating activities:		
Net income	$ 291.3	$ 324.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	224.4	254.9
Share-based compensation	51.8	27.5
Gain on sale or impairment of properties and intangibles, net	(14.2)	
Gain on sale of House of Blues Canada equity investment		(16.7)
Loss on impairment of Molson brands sold in the U.S. intangible asset	50.6	
Loss on impairment of Foster's distribution right intangible asset		24.1
Loss on impairment of Edmonton brewing facility		30.5
Deferred income taxes	66.1	5.5
Equity income in MillerCoors	(106.5)	
Distributions from MillerCoors	58.8	
Equity income of other unconsolidated affiliates	(15.2)	(2.5)
Distributions from other unconsolidated affiliates	2.0	1.8
Minority interests in net income of consolidated entities	11.6	13.6
Excess tax benefits from share-based compensation		(20.9)
Change in current assets and liabilities and other	(243.2)	(327.9)
Discontinued operations	18.1	14.7
Net cash provided by operating activities	395.6	328.6
Cash flows from investing activities:		
Additions to properties and intangible assets	(176.5)	(329.4)
Proceeds from sales of properties and intangible assets	8.7	5.6
Proceeds from sale of business, net	27.0	
Proceeds from sale of investment securities, net	22.8	
Acquisition of subsidiaries, net of cash acquired		(26.7)
Proceeds from sale of House of Blues Canada equity investment		30.0
Investment in and advances to MillerCoors	(78.8)	
Investment in and advances to other unconsolidated affiliates	(9.0)	
Trade loan repayments from customers	20.4	22.9
Trade loans advanced to customers	(27.9)	(20.9)
Proceeds/payments from derivatives-equity	(1.9)	
Other	0.2	0.2
Net cash used in investing activities	(215.0)	(318.3)
Cash flows from financing activities:		
Exercise of stock options under equity compensation plans	51.6	179.3
Excess tax benefits from share-based compensation		20.9

Dividends paid	(102.2)	(85.9)
Dividends paid to minority interest holders	(20.3)	(13.2)
Proceeds from issuance of convertible debt		575.0
Debt issuance costs		(10.2)
Sale of warrants		57.0
Purchase of call options		(106.7)
Proceeds from issuance of long term debt	16.0	
Payments on long-term debt and capital lease obligations	(181.2)	(626.2)
Proceeds from short-term borrowings	41.8	179.1
Payments on short-term borrowings	(40.8)	(161.2)
Net proceeds from revolving credit facilities	1.0	8.0
Change in overdraft balances and other	2.1	7.8
Settlements of debt-related derivatives	12.0	5.2
Net cash (used in) provided by financing activities	(220.0)	28.9
Cash and cash equivalents:		
Net (decrease) increase in cash and cash equivalents	(39.4)	39.2
Effect of foreign exchange rate changes on cash and cash equivalents	(3.1)	9.9
Balance at beginning of year	377.0	182.2
Balance at end of period	$ 334.5	$ 231.3

See notes to unaudited condensed consolidated financial statements.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Unaudited Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring accruals, which are necessary for a fair statement of the financial position, results of operations and cash flows for the periods presented. The accompanying condensed consolidated financial statements include our accounts, the accounts of our majority owned subsidiaries, equity method investments, and certain variable interest entities of which we are the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements, including the notes thereto, contained in our Annual Report on Form 10-K for the year ended December 30, 2007. The results of operations for the thirteen and thirty-nine week periods ended September 28, 2008, are not necessarily indicative of the results that may be achieved for the full fiscal year and cannot be used to indicate financial performance for the entire year.

The December 30, 2007 condensed consolidated balance sheet data is consistent with our audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("U.S. GAAP").

Reporting Periods Presented

MCBC follows a 52/53 week fiscal reporting calendar. The third fiscal quarter of 2008 and 2007 consisted of 13 weeks ending on September 28, 2008 and September 30, 2007, respectively. The first three fiscal quarters of 2008 and 2007 consisted of 39 weeks ending on September 28, 2008 and September 30, 2007, respectively. Fiscal year 2008 and 2007 consist of 52 weeks ending on December 28, 2008 and December 30, 2007, respectively.

The results from Brewers Retail Inc. ("BRI"), a consolidated subsidiary, are reported one month in arrears in the accompanying unaudited condensed consolidated financial statements.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

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

MillerCoors follows a monthly reporting calendar. The third quarter of 2008 consisted of three months ended September 30, 2008.

Use of estimates

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

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

Adoption of New Accounting Pronouncements

SFAS No. 157 "Fair Value Measurements"

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

In October 2008, the FASB issued FSP FAS 157-3, "*Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active*." This FSP clarifies the application of SFAS No. 157 in a market that is not active and applies to financial assets within the scope of accounting pronouncements that require or permit fair value measurements in accordance with SFAS No. 157. The FSP is effective upon issuance, including prior periods for which financial statements have not been issued. Accordingly, we adopted this guidance effective September 28, 2008. Our adoption of this guidance did not have a material effect on our consolidated financial position or results of operations.

The table below summarizes our assets and liabilities that are measured at fair value on a recurring basis as of September 28, 2008. Such assets include certain derivative instruments and our indemnity obligations related primarily to our discontinued operations from Kaiser (see Note 7). In

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

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

addition, we have provided a reconciliation of the beginning and ending balances for the fair value of these indemnity obligations determined using significant unobservable inputs (Level 3 see definition below) in Note 14 "COMMITMENTS AND CONTINGENCIES Kaiser and Other Indemnity Obligations." SFAS 157 establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). We utilize a combination of market and income approaches to value derivative instruments, and use an income approach for valuing our indemnity obligations. Our financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels of the hierarchy are as follows:

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

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

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

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

		Fair Value Measurements at September 28, 2008 Using		
	Total carrying value at September 28, 2008	Quoted prices in active markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In millions)			
Derivatives assets	$ 25.1	$	$ 25.1	$
Derivatives liabilities	$ (445.6)		(445.6)	
Guarantees indemnity obligations	$ (175.2)			(175.2)
Total	$ (595.7)	$	$ (420.5)	$ (175.2)

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

Following is a list of asset and liabilities that are recognized or disclosed at fair value for which, we will not apply the provisions of SFAS 157 until 2009:

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

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

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

- Indefinite-lived intangible assets measured at fair value in our annual impairment testing,
- Other long-lived assets held for sale and carried at fair value less costs to sell,
- Asset retirement obligations, and
- Liabilities associated with restructuring or other exit activities.

SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities. Including an amendment of FASB Statement No. 115"

In February 2007, the FASB issued Statement No. 159 ("SFAS 159") which permits entities an option to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The objective of this Statement is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities using different measurement techniques. The fair value measurement provisions are elective and can be applied to individual financial instruments. SFAS 159 requires additional disclosures related to the fair value measurements included in the entity's financial statements. This Statement is effective for us as of the beginning of our 2008 fiscal year. We have not adopted the fair value measurement provisions of SFAS 159.

New Accounting Pronouncements

SFAS No. 141R "Business Combinations"

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141R"), which replaces SFAS No. 141, "Business Combinations." Under the provisions of SFAS 141R, acquisition costs will generally be expensed as incurred; noncontrolling interests will be valued at fair value at the acquisition date; in-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date; restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense. SFAS 141R will be effective, on a prospective basis, for all business combinations for which the acquisition date is after the beginning of our fiscal year 2009, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies for which the adoption is retrospective. We are currently evaluating the effects, if any, that SFAS 141R may have on our financial statements.

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

In December 2007, the FASB issued Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51" ("SFAS 160") and it is effective for us beginning in fiscal year 2009. This Statement requires the recognition of a noncontrolling interest, or minority interest, as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. It also amends certain of ARB No. 51's consolidation procedures for consistency with the requirements of SFAS 141R,

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

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

including procedures associated with the deconsolidation of a subsidiary. This statement also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. We are currently evaluating this new statement and anticipate that while the adoption of SFAS 160 will require the reclassification of our reported minority interests to stockholders' equity, the statement will not have a significant impact on the reporting of our results of operations.

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

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133," (SFAS "161") as amended and interpreted, which requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. Disclosing the fair values of derivative instruments and their gains and losses in a tabular format provides a more complete picture of the location in an entity's financial statements of both the derivative positions existing at period end and the effect of using derivatives during the reporting period. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company does not expect SFAS 161 to have a material impact on its financial statements.

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

In May 2008, the FASB issued FSP No. APB 14-1, "*Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)*" ("FSP APB 14-1"). This FSP requires that issuers of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) should separately account for the liability and equity (conversion feature) components of the instruments. As a result, interest expense should be imputed and recognized based upon the entity's nonconvertible debt borrowing rate, which will result in incremental non-cash interest expense, and as result, lower net income. Our 2007 2.5% Convertible Senior Notes due July 30, 2013 will be subject to FSP APB 14-1. Prior to FSP APB 14-1, Accounting Principles Board Opinion No. 14, "*Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants*" ("APB 14"), provided that no portion of the proceeds from the issuance of the instrument should be attributable to the conversion feature. We have determined that if the liability and equity components of the Convertible Senior Notes had been separately valued at the time of their issuance on June 15, 2007, the amount allocated to long-term debt would have been $462.7 million, and the amount allocated to equity would have been $112.3 million. When we are required to retroactively adopt FSP APB 14-1 in fiscal 2009, interest expense for fiscal 2007 and 2008 will be increased by non-cash amounts of $9.0 million and $17.0 million, respectively. We anticipate recording additional non-cash interest expense on the Convertible Senior Notes in 2009 through 2013 of $17.6 million - $19.6 million annually, thereby increasing the carrying value of the debt to $575 million by its maturity date in July 2013. Further, we expect that the carrying amount of the 2.5% Convertible Senior Notes

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

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

will be discounted (decreased) and additional paid-in capital increased in the amount of $86.3 million as of December 29, 2008.

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

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

SFAS No. 162 "The Hierarchy of Generally Accepted Accounting Principles"

In May 2008, the FASB issued Financial Accounting Standards No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). This Statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board ("PCAOB") amendments to AU 411 "The *Meaning* of Present Fairly in Conformity With Generally Accepted Accounting Principles". Prior to issuance of SFAS No. 162, the GAAP hierarchy, as set forth in the American Institute of Certified Public Accountants ("AICPA") Statement on Auditing Standards No. 69 was directed to auditors. SFAS No. 162 directs the GAAP hierarchy to entities who are responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. SFAS No. 162 identifies the sources of accounting principles and provides entities with a framework for selecting principles used in the preparation of financial statements that are presented in conformity with GAAP. With issuance of SFAS 162, the GAAP hierarchy now resides in the accounting literature established by the FASB.

2. BUSINESS SEGMENTS

During the first quarter of 2008, MCBC adjusted its operating and reporting structure to reflect a re-alignment of responsibility associated with certain developing beer markets. A summary of our revised operating segments is provided below:

Reportable segments

Canada

The Canada segment was not impacted by this reorganization and remains as described in our previously issued financial statements.

Effective, January 1, 2008, Molson and Grupo Modelo, S.A.B. de C.V. established a joint venture Molson Modelo Imports ("MMI"), to import, distribute, and market the Modelo beer brand portfolio across all Canadian provinces and territories. Under the new arrangement, Molson's sales team is

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

2. BUSINESS SEGMENTS (Continued)

responsible for selling the brands across Canada on behalf of the joint venture. The new alliance will enable MMI to effectively leverage the existing resources and capabilities of Molson to achieve greater distribution coverage in the Western provinces of Canada. The MMI joint venture is being accounted for under the equity method.

United States ("U.S.")

As discussed in Note 1, "Basis of Presentation and Significant Accounting Policies," effective July 1, 2008 MillerCoors LLC ("MillerCoors") began operations. The results and financial position of our U.S. segment operations were deconsolidated upon contribution to the joint venture, and our interest in MillerCoors is being accounted for and reported by us under the equity method of accounting. MCBC's equity investment in MillerCoors will represent our U.S. operating segment going forward.

As part of the adjustment to the reporting structure in the first quarter, our beer business in Mexico, the Caribbean (other than Puerto Rico), and military sales outside the U.S. have been transferred from this operating segment to our non-reportable segment called Global Brands and Market Development ("Global Markets") and Corporate, discussed below.

United Kingdom ("U.K.")

Our beer businesses in Asia markets and exports from the U.K. to continental Europe have been transferred to our non-reportable segment called Global Markets and Corporate, discussed below. As a result, the segment previously called "Europe" has been renamed the U.K. The segment includes the results of operations in the U.K. and our royalty arrangements in the Republic of Ireland.

Non-reportable segment and other business activities

Global Markets and Corporate

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

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

2. BUSINESS SEGMENTS (Continued)

The following table sets forth net sales by segment:

	Thirteen Weeks Ended September 28, 2008	Thirteen Weeks Ended September 30, 2007	Thirty-Nine Weeks Ended September 28, 2008	Thirty-Nine Weeks Ended September 30, 2007
	(In millions)		(In millions)	
Canada	$ 541.7	$ 546.2	$ 1,458.0	$ 1,418.5
U.S.(1)	12.9	736.8	1,504.8	2,080.1
U.K	348.8	383.4	1,026.3	1,042.2
Global Markets and Corporate	17.7	19.0	46.1	49.5
Consolidated	$ 921.1	$ 1,685.4	$ 4,035.2	$ 4,590.3

(1) As a result of the MillerCoors formation on July 1, 2008, and MCBC's prospective equity accounting for MillerCoors, sales shown above for the thirteen weeks ended September 28, 2008 are for the single day of June 30, 2008.

Across each of our segments, no single customer accounted for more than 10% of our sales. Net sales represent sales to third party external customers. Inter-segment revenues are insignificant and eliminated in consolidation. Prior period amounts have been reclassified to conform to the current operating segment structure described above.

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

	Thirteen Weeks Ended September 28, 2008	Thirteen Weeks Ended September 30, 2007	Thirty-Nine Weeks Ended September 28, 2008	Thirty-Nine Weeks Ended September 30, 2007
	(In millions)		(In millions)	
Canada	$ 148.0	$ 121.1	$ 364.7	$ 301.1
U.S.(1)	110.5	78.2	215.9	221.9
U.K.	30.5	18.5	44.9	50.9
Global Markets and Corporate	(61.3)	(82.9)	(224.0)	(193.6)
Consolidated	$ 227.7	$ 134.9	$ 401.5	$ 380.3

(1) As a result of the MillerCoors formation on July 1, 2008, MCBC's equity investment in MillerCoors now represents our U.S. operating segment going forward.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

2. BUSINESS SEGMENTS (Continued)

The following table sets forth total assets by segment:

	As of September 28, 2008	As of December 30, 2007
	(In millions)	
Canada(1)	$ 6,440.4	$ 7,075.8
U.S.(2)	2,698.0	3,133.4
U.K	2,532.8	2,867.3
Global Markets and Corporate	638.8	364.5
Discontinued operations	10.1	10.6
Total assets	$ 12,320.1	$ 13,451.6

(1) The decrease is primarily due to foreign currency translation and goodwill contributed to MillerCoors.

(2) As of September 28, 2008, U.S. segment assets consist of MCBC's investment in MillerCoors.

3. INVESTMENT IN MILLERCOORS

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

Pursuant to the LLC Operating Agreement, MillerCoors has a Board of Directors consisting of five MCBC-appointed directors and five SABMiller-appointed directors. The percentage interests in the profits of MillerCoors will be 58% for SABMiller and 42% for MCBC, and voting interests will be shared 50%-50%. Each party to the joint venture has agreed not to transfer its economic or voting interests in the joint venture for a period of five years, and certain rights of first refusal will apply to any subsequent assignment of such interests.

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

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

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FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

3. INVESTMENT IN MILLERCOORS (Continued)

The following table summarizes the carrying values of net assets contributed to MillerCoors on July 1, 2008 (in millions):

	As of July 1, 2008
Current assets	$ 679.4
Property, plant and equipment	1,007.1
Goodwill	1,608.8
Total assets contributed	3,295.3
Current liabilities	573.2
Noncurrent liabilities	205.5
Total liabilities	778.7
Accumulated other comprehensive income(1)	(212.9)
Net assets contributed	$2,729.5

(1) Represents the accumulated other comprehensive income associated with the derivative assets and employee retirement and post-employment benefit plan obligations contributed to MillerCoors.

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

Condensed Balance sheet

	As of September 30, 2008
Current assets	$ 1,035
Noncurrent assets	7,796
Total assets	$ 8,831
Current liabilities	$ 1,083
Noncurrent liabilities	833
Total liabilities	1,916
Minority interests	31
Owners' equity	6,884
Total liabilities and owners' equity	$ 8,831

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

3. INVESTMENT IN MILLERCOORS (Continued)

Results of operations

	For the three months ended September 30, 2008
	Actual
Net sales	$ 1,949.7
Cost of goods sold	(1,236.9)
Gross profit	$ 712.8
Operating income	$ 171.1
Net Income	$ 168.2

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

	Thirteen Weeks Ended September 28, 2008
MillerCoors net income	$ 168.2
MCBC economic interest	42%
MCBC proportionate share of MillerCoors net income	70.6
MillerCoors accounting policy elections(1)	31.8
Amortization of the difference between MCBC contributed cost basis and proportional share of the underlying equity in net assets of MillerCoors(2)	6.0
Share-based compensation adjustment(3)	(1.9)
Equity Income in MillerCoors	$ 106.5

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

(2) MCBC's net investment in MillerCoors is based on the carrying values of the net assets it contributed to the joint venture which is less than our proportional share of underlying equity (42%) of MillerCoors (contributed by both Coors and Miller) by approximately

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

3. INVESTMENT IN MILLERCOORS (Continued)

$192 million. This difference is being amortized as additional equity income over the remaining useful lives of long-lived assets giving rise to the difference. For non-depreciable assets, such as goodwill, no adjustment is being recorded unless there is an impairment in our overall investment.

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

During the thirteen weeks ended September 28, 2008, we had $28.4 million and $1.4 million of sales of beer to MillerCoors and purchases of beer from MillerCoors, respectively.

4. SHARE-BASED PAYMENTS

The Molson Coors Brewing Company Incentive Compensation Plan ("MCIP") allows the issuance of the following awards related to Class B common shares to certain directors, officers, and other eligible employees: restricted stock units ("RSU"), deferred stock units ("DSU"), performance share units ("PSU"), stock options, stock-only stock appreciation rights ("SOSAR"), and limited stock appreciation rights ("LOSAR"). No stock options or LOSARs were granted during 2008 and 2007. There were no awards granted under the Company's Equity Compensation Plan for Non-Employee Directors and the 1990 Equity Incentive Plan in the thirty-nine week period ended September 28, 2008.

In the thirty-nine weeks ended September 28, 2008, we granted 0.6 million RSUs, and a small number of DSUs and PSUs with a weighted-average fair market value of $56.93 and $50.88 and $50.37 per award, respectively. In the thirty-nine weeks ended September 30, 2007, we granted 0.2 million RSUs, a small number of DSUs and 0.2 million PSUs with a weighted-average fair market value of $45.75 and $47.75 and $43.42 per award, respectively.

SOSARs are granted with an exercise price equal to the market value of a share of common stock on the date of grant. These SOSARs entitle the award recipient to receive shares of the Company's stock with a fair market value equal to the excess of the trading price over the exercise price of such shares on the date of the exercise. SOSARs have a term of 10 years and generally vest over three years. During the thirty-nine weeks ended September 28, 2008 and September 30, 2007, we granted 0.6 million and 1.0 million SOSARs with a weighted-average fair market value of $14.58 and $13.23 each, respectively. The weighted-average fair market values are determined using the Black-Scholes option-pricing model.

PSU awards are earned over the estimated expected term to achieve certain financial targets, which were established on March 16, 2006 at the time of the initial grant. As of March 30, 2008, these financial targets were achieved for all PSU awards outstanding. As a result of achieving these financial targets, we recognized the remaining $34.4 million expense before taxes in the first quarter of 2008 associated with the outstanding PSU awards. PSUs are granted at the market value of our stock on the date of the grant.

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FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

4. SHARE-BASED PAYMENTS (Continued)

As of September 28, 2008 and pursuant to the MCIP approved by the Board of Directors, there were 1.6 million shares of our stock available for the issuance of stock options, SOSARs, LOSARs, RSUs, DSUs and PSUs.

As a result of the formation of MillerCoors, we will record the fair value impact related to stock-based compensation for former CBC employees now employed by MillerCoors who hold previously granted MCBC stock-awards on a quarterly basis. The additional mark-to-market cost is related to stock awards to be settled in MCBC Class B common stock. Under Emerging Issues Task Force No. 00-12, "Accounting by an Investor for Stock-Based Compensation Granted to Employees of an Equity Method Investee," MillerCoors will recognize the fair value of the stock-based compensation incurred by MCBC on its behalf, and a corresponding capital contribution, as the costs are incurred on its behalf (that is, in the same periods as if we had paid cash to those MillerCoors employees following guidance set forth in Emerging Issues Task Force No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services"). In addition, we will incur all of the stock-based compensation expense associated with all preexisting equity awards to be settled in MCBC Class B common stock held by former CBC employees now employed by MillerCoors through our proportionate share of equity investment earnings in MillerCoors and will make an adjustment to reflect remaining costs not reflected in the proportionate share of equity investment earnings in MillerCoors calculation. The mark-to-market stock-based compensation expense, related to MCBC equity awards, during the thirteen weeks ended September 28, 2008 was $5.6 million.

The following table summarizes components of the equity-based compensation recorded as expense including the mark-to-market stock-based compensation recognized by MillerCoors, as discussed above:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 28, 2008	September 30, 2007	September 28, 2008	September 30, 2007
	(In millions)			
Stock options, SOSARs and LOSARs				
Pre-tax compensation expense	$ 2.3	$ 1.5	$ 9.1	$ 8.8
Tax benefit	(0.7)	(0.4)	(2.8)	(2.7)
After-tax compensation expense	$ 1.6	$ 1.1	$ 6.3	$ 6.1
RSUs and DSUs				
Pre-tax compensation expense	$ 8.2	$ 1.5	$ 14.0	$ 5.1
Tax benefit	(2.6)	(0.4)	(4.4)	(1.4)
After-tax compensation expense	$ 5.6	$ 1.1	$ 9.6	$ 3.7
PSUs				
Pre-tax compensation expense	$	$ 4.6	$ 34.3	$ 13.5
Tax benefit		(1.3)	(9.9)	(3.9)
After-tax compensation expense	$	$ 3.3	$ 24.4	$ 9.6
Total after-tax compensation expense	$ 7.2	$ 5.5	$ 40.3	$ 19.4

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

4. SHARE-BASED PAYMENTS (Continued)

As of September 28, 2008, there was $39.5 million of unrecognized compensation expense related to non-vested shares from share-based compensation arrangements granted under the plans. This compensation is expected to be recognized over a weighted-average period of approximately 1.4 years. During the thirty-nine weeks ended September 28, 2008, and September 30, 2007, cash received from stock option exercises was $51.6 million and $179.3 million, respectively. There were no tax benefits to be realized for the tax deductions from options exercised during the thirty-nine weeks ended September 28, 2008. There were $22.4 million of tax benefits to be realized for tax deductions from options exercised during the thirty-nine weeks ended September 30, 2007. The total intrinsic value of stock options exercised during the thirty-nine weeks ended September 28, 2008 and September 30, 2007 were $33.1 million and $63.1 million, respectively.

The following table represents the summary of stock options and SOSARs outstanding at September 28, 2008 and the activity during the first thirty-nine weeks of 2008:

	Outstanding options and SOSARs	Weighted-average exercise price per share	Weighted-average remaining contractual life (years)	Aggregate intrinsic value
	(In millions, except for per share amounts and years)			
Outstanding as of December 30, 2007	9.7	$ 33.70		$ 177.8
Granted	0.6	$ 57.55		
Exercised	(1.6)	$ 45.90		
Forfeited	(0.1)	$ 39.43		
Outstanding as of September 28, 2008	8.6	$ 32.53	4.81	$ 99.3
Exercisable at September 28, 2008	7.4	$ 33.06	4.67	$ 96.5

The fair values of each SOSAR granted in the first three quarters of 2008 and 2007 were determined on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	
	September 28, 2008	September 28, 2008	September 30, 2007
Risk-free interest rate	3.27%	3.07%	4.46%
Dividend yield	1.45%	1.39%	1.40%
Volatility range	25.3% - 26.4%	25.3% - 26.4%	21.8% - 26.8%
Weighted-average volatility	25.54%	25.40%	25.30%
Expected term (years)	3.50 - 7.00	3.50 - 7.00	3.50 - 7.00

No equity awards were granted that required a fair value calculation for the thirteen weeks ended September 30, 2007.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

4. SHARE-BASED PAYMENTS (Continued)

The following table represents non-vested restricted stock units, deferred stock units and performance shares at September 28, and the activity during the thirty-nine weeks of 2008:

	Shares		Weighted-average grant date fair value per share
	(In millions, except per share amounts)		
Non-vested as of December 30, 2007	2.7	$	35.98
Granted	0.6	$	56.65
Vested	(2.4)	$	35.37
Forfeited	0.2	$	36.47
Non-vested as of September 28, 2008	1.1	$	48.57

Total fair values of RSUs and DSUs that vested during the thirty-nine weeks ended September 28, 2008 were $137.7 million.

5. SPECIAL ITEMS

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

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

5. SPECIAL ITEMS (Continued)

Summary of Special Items

The table below summarizes special items recorded by program:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 28, 2008	September 30, 2007	September 28, 2008	September 30, 2007
	(In millions)			
Canada Restructuring and related costs associated with the Edmonton brewery closure and other outsourcing activities	$ 0.4	$ 10.8	$ 2.1	$ 14.9
Canada Edmonton brewery asset impairment charge and certain exit costs		32.4		32.4
Canada Montréal brewery asset impairment charge	1.9		1.9	
Canada Impairment of Foster's distribution right intangible asset				24.1
Canada Restructuring charge	0.7		0.9	
U.S. Other restructuring charges		2.8		2.8
U.S. Costs associated with the MillerCoors joint venture			37.9	
U.S. Impairment of Molson brands intangible asset			50.6	
U.S. Impairments of fixed assets			2.6	
U.S. Gain on sale of distribution businesses			(21.8)	
U.K. Restructuring charge	2.6	3.4	7.3	8.8
U.K. Pension adjustment		3.9		3.9
U.K. Gain on sale of non-core business	(2.7)		(2.7)	
U.K. Other, including certain exit costs	0.3		0.8	
Global Markets and Corporate Costs associated with the MillerCoors joint venture	10.0	2.0	27.3	2.0
Global Markets and Corporate Transitional costs associated with outsourcing agreement	5.2		22.8	
Global Markets and Corporate Strategic initiatives	6.1		6.1	
Global Markets and Corporate Other	0.3		0.3	
Total special items	$ 24.8	$ 55.3	$ 136.1	$ 88.9

Canada Segment

During the third quarter of 2008, the Canada segment recognized $0.7 million of restructuring costs associated with employee terminations associated with a company-wide effort to increase efficiency in certain finance, information technology and human resource activities by outsourcing portions of those functions. The Canada segment also recognized $0.4 million of costs associated with maintaining and preparing the closed Edmonton brewery for sale, expected to be completed in early 2009. As a result of the MillerCoors announcement to internally source production of certain beer volume, the Canada segment recognized a $1.9 million impairment related to certain Montréal brewery assets dedicated to that purpose. During the third quarter of 2007, we recorded a pretax non-cash impairment charge of $32.4 million associated with the closure of the Edmonton brewery. In addition to the Edmonton asset impairment, the Canada segment recognized $8.1 million for severance and

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

5. SPECIAL ITEMS (Continued)

other employee related costs and $2.7 million of other costs associated with the Edmonton brewery's closure in the third quarter of 2007.

During the first three quarters of 2008, and in addition to the charges incurred during the third quarter of 2008, the Canada segment recognized a total of $2.1 million of costs associated with maintaining and preparing the closed Edmonton brewery for sale, expected to be completed in early 2009. During the first thirty-nine weeks of 2007, we recognized an impairment of $24.1 million associated with our Foster's distribution rights intangible asset, which resulted from the loss of that partner agreement. We also recognized $4.1 million in the first thirty-nine weeks of 2007 for severance and other related costs as part of a restructuring program that focused on labor savings across production and sales and general and administrative functions.

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

	Severance and other employee-related costs (In millions)
Balance at December 30, 2007	$ 4.2
Charges incurred	1.1
Payments made	(3.3)
Foreign currency and other adjustments	(0.1)
Balance at September 28, 2008	$ 1.9

U.S. Segment

As discussed in Note 1, effective July 1, 2008, MillerCoors LLC began operations. MCBC's equity income in MillerCoors will include our former U.S. operating segment results, including special items, beginning in the third quarter of 2008.

During the third quarter of 2007, the U.S. segment recognized $2.8 million of restructuring costs associated with employee terminations associated with a company-wide effort to increase efficiency in certain finance, information technology and human resource activities by outsourcing portions of those functions.

Prior to the formation of MillerCoors on July 1, 2008, the U.S. segment recognized an impairment of an intangible asset of $50.6 million associated with Molson brands sold in the U.S. See Note 10 "Goodwill and Other Intangibles" for further discussion. The U.S. also recognized $37.9 million of costs associated specifically with the MillerCoors transaction, $30.3 million of which were related to employee retention costs, and $7.6 million of which were related to integration planning. Also, impairment charges related to fixed assets at the Golden brewery of $2.6 million were recorded, and a net gain of $21.8 million on the sale of two corporate owned beer distributorships. We sold our Boise, Idaho beer distributorship for $25.2 million resulting in a gain of $24.2 million. In 2007, the U.S. segment began a restructuring program focused on labor savings across supply chain functions. We recognized $2.8 million of expense for severance and other employee related costs in 2007.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

5. SPECIAL ITEMS (Continued)

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

U.K. Segment

The U.K. segment recognized $2.6 million and $3.4 million of employee termination costs in the 2008 and 2007 third quarters, respectively. These related to supply chain restructuring activity and company-wide efforts to increase efficiency in certain finance, information technology and human resource activities by outsourcing portions of those functions during 2008. During the third quarter of 2007, we also recognized increased liabilities in recognition of an existing pension benefit obligation in accordance with U.K. law of $3.9 million.

The restructuring costs for the first three quarters of 2008 and 2007 comprise the same items as discussed previously for the third quarter.

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

	Severance and other employee-related costs
	(In millions)
Balance at December 30, 2007	$ 2.5
Charges incurred	7.3
Payments made	(6.0)
Foreign currency and other adjustments	0.2
Balance at September 28, 2008	$ 4.0

Global Markets and Corporate

During the third quarter of 2008, Global Markets and Corporate recognized $10.0 million of costs associated with the MillerCoors joint venture, consisting primarily of outside professional services related to the planning and integration efforts involved in the start-up of MillerCoors. Costs associated with the formation of MillerCoors were $27.3 million for the thirty-nine weeks ended 2008. Additionally, in January 2008 we signed a contract with a third-party service provider to outsource a significant portion of our general and administrative back office functions in all of our operating segments and in our corporate office. This outsourcing initiative is a key component of our Resources for Growth cost reduction program. During the third quarter, we incurred $5.2 million of external transition costs associated with this outsourcing initiative, and $22.8 million year to date. We expect to incur additional costs throughout the remainder of 2008. Last, in the third quarter of 2008 we incurred $6.1 million of costs associated with efforts associated with other strategic initiatives.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

6. OTHER INCOME (EXPENSE), NET

	Thirteen Weeks Ended September 28, 2008	Thirteen Weeks Ended September 30, 2007	Thirty-Nine Weeks Ended September 28, 2008	Thirty-Nine Weeks Ended September 30, 2007
	(In millions)			
(Losses) gains on disposals of non-operating long-lived assets	$ (0.1)	$ (0.2)	$ 1.8	$ (0.2)
Gain on sale of House of Blues Canada equity investment				16.7
Equity in (losses) income of unconsolidated affiliates, net	(1.5)	1.9	(0.3)	0.9
Gains from foreign exchange and derivatives	12.2	0.1	9.4	0.5
Environmental liability provision	(3.6)		(3.6)	
Losses on non-operating leases, net	(0.2)	(0.3)	(1.0)	(1.5)
Other, net	0.9	0.4	0.1	1.7
Other income (expense), net	$ 7.7	$ 1.9	$ 6.4	$ 18.1

During the third quarter of 2008, we entered into a cash settled total return swap with Deutsche Bank in order to gain an economic exposure to Foster's Group ("Foster's") (ASX:FGL), a major global brewer (see Note 12). We recognized a net gain on the fair value of the swap of $13.6 million during the third quarter of 2008, included in the table above in "Gains from foreign exchange and derivatives."

7. DISCONTINUED OPERATIONS

In 2006, we sold our equity interest in the entity that comprised our previously-reported Brazil operating segment, Cervejarias Kaiser Brasil S.A. ("Kaiser") to FEMSA Cerveza S.A. de C.V. ("FEMSA"). As discussed in Note 14, we indemnified FEMSA with respect to certain tax contingencies and other liabilities. We have reflected the results of operations, financial position, and cash flows for the former Brazil segment in our financial statements as discontinued operations.

We recognized a gain from discontinued operations of $3.2 million and a loss of $0.4 million in the third quarters of 2008 and in 2007, respectively, and we recognized losses from discontinued operations of $18.1 million and $14.7 million in the first three quarters of 2008 and in 2007, respectively. The losses and gain for the periods presented were associated with changes in estimates of the carrying value of the indemnity related liabilities, foreign exchange gains and losses and accretion expense related to indemnities we provided to FEMSA with regard to contingent tax and other liabilities, which are discussed further in Note 14.

8. INCOME TAXES

Our effective tax rate for the third quarter of 2008 was approximately 25%. We anticipate that our 2008 full year effective tax rate will be in the range of 20% to 24%. Our third quarter effective tax rate is higher than our anticipated full year rate primarily due to reductions in unrecognized tax benefits in the first quarter of 2008.

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8. INCOME TAXES (Continued)

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

During the third quarter of 2008, we released $4.6 million of valuation allowance related to foreign tax credits and executive compensation.

As of December 31, 2007, we had $286.2 million of unrecognized tax benefits. Since December 31, 2007, unrecognized tax benefits decreased by $36.6 million. This reduction is net of increases due to additional unrecognized tax benefits and interest accrued for the current year and decreases primarily due to fluctuation in foreign exchange rates, certain tax years closing or being effectively settled, and payments made to tax authorities with regard to unrecognized tax benefits during the first three quarters of 2008. This results in total unrecognized tax benefits of $249.6 million as of September 28, 2008. During 2008, the Company expects to recognize approximately $25 to $35 million of income tax benefit due primarily to accrued interest and penalties that the Company expects to effectively settle during 2008.

We file income tax returns in most of the federal, state, and provincial jurisdictions in the U.S., U.K., Canada and the Netherlands. Tax years through 2004 are closed or have been effectively settled through examination in the U.S. The Internal Revenue Service has commenced examination of the 2005 and 2006 tax years, and we expect the examination to conclude in 2009. In addition, we have entered into the Compliance Assurance Process program whereby the Internal Revenue Service will be examining certain 2007 and 2008 transactions in the current year. Tax years through 2003 are closed or have been effectively settled through examination in Canada. We are currently under examination for tax year 2004 in Canada and expect the examination to close during 2008. Tax years through 2005 are closed or have been effectively settled through examination in the U.K. Tax years through 2006 are closed or have been effectively settled through examination in the Netherlands.

9. EARNINGS PER SHARE ("EPS")

Basic net income per common share was computed using the weighted average number of shares of common stock outstanding during the period. All share and per share amounts for prior periods were adjusted to reflect the two for one stock split issued in the form of a dividend effective October 3, 2007. Diluted net income per share includes the additional dilutive effect of our potentially dilutive securities, which include stock options, LOSARs, SOSARs, RSUs, PSUs and DSUs, calculated using the treasury stock method. For the thirteen weeks ended September 28, 2008, diluted net income per share was impacted by our convertible debt and related warrants outstanding as they were in the money.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

9. EARNINGS PER SHARE ("EPS") (Continued)

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

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 28, 2008	September 30, 2007	September 28, 2008	September 30, 2007
	(In millions, except per share amounts)			
Income from continuing operations	$ 170.0	$ 135.1	$ 309.4	$ 338.7
Gain (loss) from discontinued operations, net of tax	3.2	(0.4)	(18.1)	(14.7)
Net income	$ 173.2	$ 134.7	$ 291.3	$ 324.0
Weighted average shares for basic EPS	183.5	179.4	182.3	178.2
Effect of dilutive securities:				
Stock options, LOSARs and SOSARs	1.8	1.9	2.1	2.3
RSUs, PSUs and DSUs	0.4	0.4	1.1	0.3
Weighted average shares for diluted EPS	185.7	181.7	185.5	180.8
Basic income (loss) per share:				
From continuing operations	$ 0.93	$ 0.75	$ 1.70	$ 1.90
From discontinued operations	0.02		(0.10)	(0.08)
Basic net income per share	$ 0.95	$ 0.75	$ 1.60	$ 1.82
Diluted income (loss) per share:				
From continuing operations	$ 0.92	$ 0.74	$ 1.67	$ 1.87
From discontinued operations	0.02		(0.10)	(0.08)
Diluted net income per share	$ 0.94	$ 0.74	$ 1.57	$ 1.79
Dividends per share	$ 0.20	$ 0.16	$ 0.56	$ 0.48

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

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FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

9. EARNINGS PER SHARE ("EPS") (Continued)

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

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 28, 2008	September 30, 2007	September 28, 2008	September 30, 2007
	(In millions)			
Stock options, SOSARs and RSUs(1)	0.4		0.2	
PSUs 2.1 million outstanding at September 30, 2007(2)		2.1		2.1
Shares issuable upon assumed conversion of the 2.5% Convertible Senior Notes to issue Class B common shares, 10.5 million at September 28, 2008(3)	10.5	10.5	10.5	4.8
Warrants to issue Class B common shares, 10.5 million at September 28, 2008(3)	10.5	10.5	10.5	4.8
	21.4	23.1	21.2	11.7

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

(2) All necessary conditions required to be satisfied were not met during 2007.

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

10. GOODWILL AND OTHER INTANGIBLES

The following summarizes the change in goodwill for the thirty-nine weeks ended September 28, 2008 (in millions):

Balance at December 30, 2007	$ 3,346.5
Transfer from goodwill to intangible assets	(1.4)
Contribution to MillerCoors	(1,608.8)
Foreign currency translation	(149.2)
Balance at September 28, 2008	$ 1,587.1

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

10. GOODWILL AND OTHER INTANGIBLES (Continued)

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

Segment goodwill

	As of September 28, 2008	As of December 30, 2007
	(In millions)	
Canada	$ 725.7	$ 763.7
United States		1,649.8
United Kingdom	861.4	933.0
Consolidated	$ 1,587.1	$ 3,346.5

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

	Useful life	Gross	Accumulated amortization	Net
	(Years)		(In millions)	
Intangible assets subject to amortization:				
Brands	3 - 35	$ 300.6	$ (127.5)	$ 173.1
Distribution rights	2 - 23	344.1	(172.4)	171.7
Patents and technology and distribution channels	3 - 10	32.7	(21.5)	11.2
Intangible assets not subject to amortization:				
Brands	Indefinite	3,323.6		3,323.6
Distribution networks	Indefinite	978.8		978.8
Other	Indefinite	18.1		18.1
Total		$4,997.9	$ (321.4)	$4,676.5

The following table presents details of our intangible assets, other than goodwill, as of December 30, 2007:

	Useful life	Gross	Accumulated amortization	Net
	(Years)		(In millions)	
Intangible assets subject to amortization:				
Brands	3 - 35	$ 320.3	$ (121.2)	$ 199.1
Distribution rights	2 - 23	363.4	(164.9)	198.5
Patents and technology and distribution channels	3 - 10	35.4	(20.7)	14.7
Other	5 - 34	11.7	(5.3)	6.4
Intangible assets not subject to amortization:				
Brands	Indefinite	3,561.1		3,561.1
Distribution networks	Indefinite	1,030.5		1,030.5
Other	Indefinite	29.1		29.1
Total		$5,351.5	$ (312.1)	$5,039.4

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

10. GOODWILL AND OTHER INTANGIBLES (Continued)

The incremental change in the gross carrying amounts of intangibles from December 30, 2007 to September 28, 2008, is due to the impact of foreign exchange rates, as a significant amount of intangibles are denominated in foreign currencies, and an impairment discussed in the following paragraphs.

During the second quarter of 2008, we recognized an impairment charge of $50.6 million associated with a Molson brands intangible asset, an asset which represented the value of the Molson brands sold in the U.S. only. This intangible asset was not subject to amortization. While our accounting policy calls for annual testing of indefinite-lived intangible assets in the third quarter of each year, we noted unfavorable operating results and a change in management's strategic initiatives associated with these brands, and as a result tested the intangible for impairment in the second quarter of 2008.

The Molson U.S. brands intangible asset was created at the time of the Merger between Coors and Molson in 2005. Molson brands which are marketed and sold in the U.S. by CBC have been declining in recent years. In addition, increases in packaging and freight costs on imported products combined with continued volume declines have significantly impacted the overall profitability of the Molson brands in the U.S. While management continues to believe that the Molson brands play an important role in the U.S. brand portfolio and will continue to be actively marketed by MillerCoors, it was determined that the value of the intangible brand asset has been impaired. This conclusion was based upon discounted cash flow analyses of the brands, using excess earnings approach, which indicated that the fair value of Molson U.S. brands were less than their carrying value. The Company therefore recognized a $50.6 million non-cash charge to write-off the carrying value of the Molson brands sold in the U.S.

We are required to perform goodwill and indefinite-lived intangible asset impairment tests on at least an annual basis and more frequently in certain circumstances. We completed the required impairment testing during the third quarter of 2008 and determined that there were no impairments of goodwill or indefinite-lived intangible assets.

Based on foreign exchange rates as of September 28, 2008, the estimated future amortization expense of finite-lived intangible assets is as follows for the next five years:

	Amount (In millions)
2008 - remaining	$ 11.1
2009	$ 44.3
2010	$ 44.3
2011	$ 43.0
2012	$ 31.3

Amortization expense of intangible assets was $11.1 million and $34.0 million for the thirteen and thirty-nine weeks ended September 28, 2008 and $16.0 million and $46.0 million for the thirteen and thirty-nine weeks ended September 30, 2007, respectively.

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11. DEBT AND OTHER CREDIT ARRANGEMENTS

On February 7, 2008, we announced a tender for repurchase of any and all principal amount of our remaining $225 million of 6.375% Senior Notes due 2012, with the tender period running through February 14, 2008. The amount actually repurchased was $180.4 million with $45.3 million outstanding as of September 28, 2008. The net costs of $12.4 million related to this extinguishment of debt and termination of related interest rate swaps was recorded in the first quarter of 2008. The net debt extinguishment costs comprised a $21.4 million payment to settle the notes at fair value given interest rates at the time of extinguishment, a $1.7 million write-off of the proportionate amount of unamortized discount, issuance fees and transaction costs, offset by a $10.7 million gain from the termination of the interest rate swap associated with the extinguished debt. The debt extinguishment was funded by existing cash resources.

12. DERIVATIVE INSTRUMENTS

During the third quarter of 2008, we entered into a cash settled total return swap with Deutsche Bank in order to gain an economic exposure to Foster's, a major global brewer. This swap gives MCBC exposure to nearly 5% of Foster's outstanding common stock. As of September 28, 2008, the notional amount of the swap was $413.0 million.

The fair value of the cash settled total return swap as of September 28, 2008, was $15.5 million (in the money asset). We are not applying hedge accounting to the derivative, so all unrealized gains and losses flow directly through the income statement, classified in Other Income (Expense) in the Global Markets and Corporate segment. The swap will, unless the derivative contract is amended, mature in 2009.

We may be required to post collateral with the counterparty if the swap is in an out-of-the-money position. If our credit ratings with Standard & Poor's and Moody's with regard to our long-term debt remain at an investment grade level, we are required to post collateral for only that portion of the out-of-the-money liability exceeding $20.0 million. If our credit ratings fall below investment grade with either ratings service, we must post collateral for the entire out-of-the-money liability.

13. EMPLOYEE RETIREMENT AND POST-EMPLOYMENT PLANS

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

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FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

13. EMPLOYEE RETIREMENT AND POST-EMPLOYMENT PLANS (Continued)

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

	Thirteen Weeks Ended September 28, 2008			
	Canada plans	U.S. plans	U.K. plans	Total
	(In millions)			
Defined Benefit Plans				
Service cost	$ 8.1	$	$ 6.7	$ 14.8
Interest cost	23.7		32.4	56.1
Expected return on plan assets	(30.2)		(38.1)	(68.3)
Administrative expenses	0.6		1.2	1.8
Amortization of prior service cost (benefit)	0.4		(0.5)	(0.1)
Amortization of net actuarial loss			0.3	0.3
Less expected participant contributions	(0.7)		(1.1)	(1.8)
Net periodic pension cost	$ 1.9	$	$ 0.9	$ 2.8
Other Postretirement Benefits				
Service cost benefits earned during the period	$ 2.4	$	$	$ 2.4
Interest cost on projected benefit obligation	3.9			3.9
Amortization of prior service cost				
Amortization of net actuarial loss	0.1			0.1
Net periodic postretirement benefit cost	$ 6.4	$	$	$ 6.4

	Thirteen Weeks Ended September 30, 2007			
	Canada plans	U.S. plans	U.K. plans	Total
	(In millions)			
Defined Benefit Plans				
Service cost	$ 8.7	$ 4.3	$ 10.3	$ 23.3
Interest cost	22.7	14.3	33.2	70.2
Expected return on plan assets	(28.5)	(17.5)	(41.0)	(87.0)
Amortization of prior service cost (benefit)	0.4		10.3	10.7
Amortization of net actuarial loss		3.5	0.3	3.8
Less expected participant contributions	(1.0)		(2.7)	(3.7)
Curtailment gain	(1.6)			(1.6)
Special termination benefits	2.0			2.0
Net periodic pension cost (benefit)	$ 2.7	$ 4.6	$ 10.4	$ 17.7
Other Postretirement Benefits				
Service cost benefits earned during the period	$ 2.4	$ 0.6	$	$ 3.0
Interest cost on projected benefit obligation	3.7	2.0		5.7
Amortization of prior service cost		0.1		0.1

Amortization of net actuarial loss		0.4		0.8				1.2
Net periodic postretirement benefit cost	$	6.5	$	3.5	$		$	10.0

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FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

13. EMPLOYEE RETIREMENT AND POST-EMPLOYMENT PLANS (Continued)

	Thirty-Nine Weeks Ended September 28, 2008			
	Canada plans	U.S. plans	U.K. plans	Total
	(In millions)			
Defined Benefit Plans				
Service cost	$ 24.8	$ 8.3	$ 20.8	$ 53.9
Interest cost	72.6	29.9	100.1	202.6
Expected return on plan assets	(92.6)	(35.1)	(117.7)	(245.4)
Administrative expenses	1.9	0.6	3.7	6.2
Amortization of prior service cost (benefit)	1.1	(0.2)	(1.5)	(0.6)
Amortization of net actuarial loss		4.1	0.8	4.9
Less expected participant contributions	(2.1)		(3.4)	(5.5)
Net periodic pension cost	$ 5.7	$ 7.6	$ 2.8	$ 16.1
Other Postretirement Benefits				
Service cost benefits earned during the period	$ 7.3	$ 1.2	$	$ 8.5
Interest cost on projected benefit obligation	12.1	4.7		16.8
Amortization of prior service cost		0.2		0.2
Amortization of net actuarial loss	0.4	2.1		2.5
Net periodic postretirement benefit cost	$ 19.8	$ 8.2	$	$ 28.0

	Thirty-Nine Weeks Ended September 30, 2007			
	Canada plans	U.S. plans	U.K. plans	Total
	(In millions)			
Defined Benefit Plans				
Service cost	$ 24.8	$ 13.0	$ 30.2	$ 68.0
Interest cost	64.5	43.0	89.5	197.0
Expected return on plan assets	(81.1)	(52.5)	(120.9)	(254.5)
Amortization of prior service cost (benefit)	1.1		7.1	8.2
Amortization of net actuarial loss		10.4	2.9	13.3
Less expected participant contributions	(2.7)		(7.8)	(10.5)
Curtailment gain	(1.6)			(1.6)
Special termination benefits	2.0			2.0
Net periodic pension cost	$ 7.0	$ 13.9	$ 1.0	$ 21.9
Other Postretirement Benefits				
Service cost benefits earned during the period	$ 6.9	$ 2.0	$	$ 8.9
Interest cost on projected benefit obligation	10.5	5.9		16.4
Amortization of prior service cost		0.2		0.2
Amortization of net actuarial loss	1.0	2.5		3.5

Net periodic postretirement benefit cost	$ 18.4	$ 10.6	$	$ 29.0

During the third quarter of 2008, employer contributions paid to the defined benefit plans were $38.4 million and $7.6 million for Canada and U.K. plans, respectively. Contributions paid to the

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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13. EMPLOYEE RETIREMENT AND POST-EMPLOYMENT PLANS (Continued)

defined benefit plans for the first three quarters of 2008 were $92.3 million, $0.5 million, and $21.3 million for Canada, U.S. and U.K. plans, respectively. Expected total fiscal year 2008 employer contributions to Canada, U.S. and U.K. defined benefits plans are approximately $138 million.

14. COMMITMENTS AND CONTINGENCIES

We have various long-term non-cancelable commitments for advertising, sponsorships and promotions, including marketing at sports arenas, stadiums and other venues and events. From time to time, MCBC guarantees the financial performance under certain contracts on behalf of its subsidiaries. With the formation of MillerCoors, commitments associated with advertising and promotions at our consolidated subsidiaries decreased significantly from amounts disclosed as of December 30, 2007. At September 28, 2008, these future commitments are as follows:

	Amount (In millions)
2008 - remaining	$ 93.0
2009	66.8
2010	46.1
2011	42.6
2012	29.0
Thereafter	90.8
Total	$ 368.3

Total advertising expense was $105.6 million and $533.0 million for the thirteen and thirty-nine weeks ended September 28, 2008, respectively. For the thirteen and thirty-nine weeks ended September 30, 2007, total advertising expense was $231.0 million and $654.2 million, respectively.

Kaiser and Other Indemnity Obligations

Kaiser

As discussed in Note 7, we sold our entire equity interest in Kaiser during 2006 to FEMSA. The terms of the sale agreement require us to indemnify FEMSA for certain exposures related to tax, civil and labor contingencies arising prior to FEMSA's purchase of Kaiser. First, we provided a full indemnity for any losses Kaiser may incur with respect to tax claims associated with certain previously utilized purchased tax credits. The maximum potential claims amount in this regard, including estimated accumulated legal penalties and interest, was $386 million as of September 28, 2008. Our estimate of the fair value of the indemnity liability associated with the purchased tax credits recorded as of September 28, 2008 was $148.9 million, $4.6 million of which was classified as a current liability and $144.2 million of which was classified as non-current. Our fair value estimates consider a number of scenarios for the ultimate resolution of these issues, the probabilities of which are influenced not only by legal developments in Brazil but also by management's intentions with regard to various alternatives that could present themselves leading to the ultimate resolution of these issues. Our indemnity obligations related to previously purchased tax credits increased by $32.1 million during the first three quarters of 2008, primarily due to changes in estimates regarding amounts that could be

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

14. COMMITMENTS AND CONTINGENCIES (Continued)

paid, the timing of such payments and adjustments to the probabilities assigned to various scenarios, offset by the favorable impacts of a weakening Brazilian currency.

We also provided indemnity related to all other tax, civil and labor contingencies existing as of the date of sale. In this regard, however, FEMSA assumed their full share of all of these contingent liabilities that had been previously recorded or disclosed by us prior to the sale on January 13, 2006. However, we may have to provide indemnity to FEMSA if those contingencies settle at amounts greater than those amounts previously recorded or disclosed by us. We will be able to offset any indemnity exposures in these circumstances with amounts that settle favorably to amounts previously recorded. Our exposure related to these indemnity claims is capped at the amount of the sales price of our 68% equity interest of Kaiser, which was $68 million. As a result of these contract provisions, our fair value estimates include not only probability-weighted potential cash outflows associated with indemnity provisions, but also probability-weighted cash inflows that could result from favorable settlements resulting from negotiation or settlement programs that might arise from the federal or state governments in Brazil. The recorded fair value of the total tax, civil and labor indemnity liability was $15.9 million as of September 28, 2008, $6.1 million of which is classified as a current liability and $9.8 million of which is classified as non-current. These liabilities decreased by $26.6 million during the third quarter of 2008, due primarily to a reduction in the fair value of liabilities associated with certain tax cases for which statutes of limitations have lapsed. The table below presents the change in all other tax, civil, and labor contingencies for the first three quarters of 2008.

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

Other

Molson Canada owns a 19.9% common ownership interest in the Montréal Canadiens professional hockey club (the "Club"), as well as Board representation on the Club and related entities. The shareholders of the Club (the majority owner and Molson Canada) and the National Hockey League ("NHL") are parties to a consent agreement, which requires the purchaser and Molson to abide by funding requirements included in the terms of the shareholders' agreement. In addition, Molson Canada continues to be a guarantor of the majority owner's obligations under a land lease. We have evaluated our risk exposure related to these financial guarantees and recorded $10.4 million for the fair values of these indemnities accordingly.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

14. COMMITMENTS AND CONTINGENCIES (Continued)

The table below provides a summary of indemnity obligations measured at fair value using significant unobservable inputs (see Note 1) from December 30, 2007, through September 28, 2008:

	Indemnity Obligations			
	Kaiser purchased tax credits indemnity reserve	Kaiser tax, civil and labor indemnity reserve	Indemnities associated with Montréal Canadiens	Total indemnity reserves
	(In millions)			
Balance at December 30, 2007	$ 116.8	$ 38.2	$ 11.0	$ 166.0
Loss (gains) included in earnings(1)	37.8	(22.0)		15.8
Foreign exchange transaction loss included in earnings(1)	0.2	2.2		2.4
Foreign exchange translation gain included in other comprehensive income	(5.9)	(2.5)	(0.6)	(9.0)
Balance at September 28, 2008	$ 148.9	$ 15.9	$ 10.4	$ 175.2

(1) All (gains) and losses included in earnings are unrealized and were associated with amounts that were carried on the balance sheet at the beginning and the end of the quarter.

Current liabilities associated with discontinued operations also include current tax liabilities of $10.1 million. Included in current and non-current assets associated with discontinued operations on the balance sheet are $2.0 million and $8.1 million, respectively, of deferred tax assets associated with the indemnity liabilities.

Litigation and Other Disputes

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

During the first quarter of 2008, the Company agreed in principle with counsel for plaintiffs in all pending securities cases in Delaware, Québec, and Ontario to settle all such claims on a worldwide basis. Pursuant to the settlement, the Company would pay, except one case discussed below, a total of $6.0 million in settlement, which amounts would be paid by the Company's insurance carrier. The settlement agreement is awaiting approval in the various courts in which the cases are pending. This agreement in principle did not settle one remaining case in Delaware. That case seeks to recover on behalf of certain Molson Coors employees who invested in Company securities around the same time through two employee retirement savings plans. The complaint in that case essentially relies on the same allegations as the other shareholder lawsuits. This case has been settled for $0.2 million, an amount that will be paid by the Company's insurance carrier.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

14. COMMITMENTS AND CONTINGENCIES (Continued)

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

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

Environmental

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

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

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

Waste Management provides us with updated annual cost estimates through 2032. We reviewed these cost estimates in the assessment of our accrual related to this issue. We use certain assumptions

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

14. COMMITMENTS AND CONTINGENCIES (Continued)

that differ from Waste Management's estimates to assess our expected liability. Our expected liability (based on the $120 million threshold being met) is based on our best estimates available.

The assumptions used are as follows:

- trust management costs are included in projections with regard to the $120 million threshold, but are expensed only as incurred;
- income taxes, which we believe are not an included cost, are excluded from projections with regard to the $120 million threshold;
- a 2.5% inflation rate for future costs; and
- certain operations and maintenance costs were discounted using a 4.70% risk-free rate of return.

Based on these assumptions, the present value and gross amount of the costs at September 28, 2008, are approximately $2.3 million and $3.8 million, respectively. Accordingly, we believe that the existing liability is adequate as of September 28, 2008. We did not assume any future recoveries from insurance companies in the estimate of our liability, and none are expected.

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

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

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

During the third quarter of 2008 we were notified by the EPA that we are a PRP, along with others, at the East Rutherford and Barry's Creek sites in New Jersey. Certain of Molson's former non-beer business operations, which were discontinued and sold in the mid-1990s, were involved at this site. We have accrued an estimated liability in the amount of $3.6 million during the third quarter of 2008.

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

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

15. OTHER COMPREHENSIVE (LOSS) INCOME

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

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 28, 2008	September 30, 2007	September 28, 2008	September 30, 2007
	(In millions)			
Net income	$ 173.2	$ 134.7	$ 291.3	$ 324.0
Other comprehensive (loss) income:				
Foreign currency translation adjustments, net of tax	(229.8)	362.2	(375.1)	796.1
Currency effect on pension liability, net of tax	9.6	(6.4)	11.4	(13.9)
Pension and other postretirement benefit adjustments, net of tax	0.5	(20.8)	5.4	(14.8)
Unrealized (losses) gains on derivative instruments, net of tax	(5.3)	(12.9)	12.2	(5.4)
Reclassification adjustment derivative instruments, net of tax	(0.8)	0.6	(1.7)	(1.5)
Ownership share of MillerCoors other comprehensive income, net of tax(1)	(53.0)		(53.0)	
Total other comprehensive (loss) income	(278.8)	322.7	(400.8)	760.5
Comprehensive (loss) income	$ (105.6)	$ 457.4	$ (109.5)	$ 1,084.5

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

16. SUPPLEMENTAL GUARANTOR INFORMATION

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

On May 7, 2002, the 2002 Issuer completed a public offering of $850.0 million principal amount of 6.375% Senior notes due 2012. During the first quarter of 2008, $180.4 million of the Senior notes was extinguished by using existing cash resources (see Note 11). During the third quarter of 2007, $625.0 million of the Senior notes was extinguished by the proceeds received from the 2.5% Convertible Senior Notes issued June 15, 2007 and cash on hand. The remaining outstanding Senior notes are guaranteed on a senior and unsecured basis by the Parent Guarantor and 2007 Issuer, 2005 Issuers and Subsidiary Guarantors. The guarantees are full and unconditional and joint and several.

On September 22, 2005, the 2005 Issuers completed a public offering of $1.1 billion principal amount of Senior notes composed of USD $300 million 4.85% notes due 2010 and CAD $900 million

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

16. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)

5.00% notes due 2015. The notes were issued with registration rights and are guaranteed on a senior and unsecured basis by Parent Guarantor and 2007 Issuer, 2002 Issuer and Subsidiary Guarantors. The guarantees are full and unconditional and joint and several. Funds necessary to meet the 2005 Issuers' debt service obligations are provided in large part by distributions or advances from MCBC's other subsidiaries, including Molson Inc., a non-guarantor. Under certain circumstances, contractual and legal restrictions, as well as our financial condition and operating requirements, could limit the 2005 Issuers ability to obtain cash for the purpose of meeting its debt service obligation, including the payment of principal and interest on the notes.

On April 10, 2007, we undertook an internal reorganization resulting in certain transfers and realignment of assets, liabilities and subsidiaries. As a result of these changes, as well as amendments to the indentures covered, the $1.1 billion principal amount of Senior notes composed of USD $300 million 4.85% notes due 2010 and CAD $900 million 5.00% notes due 2015 are now also a liability of a new subsidiary, Molson Coors International, LP. The internal reorganization changed the legal structure of the guarantees, mainly affecting the presentation of the 2002 Issuer, the 2005 Issuers, Subsidiary Guarantors, and Subsidiary Non-Guarantors. While there were no significant changes with regard to the status of any entity as a guarantor or non-guarantor, the internal ownership changes resulted in our Canadian and U.K. businesses, which were formally owned by 2002 Issuer, now being majority-owned by a 2005 Issuer. Prior period amounts have not been restated to reflect the new ownership structure which did not exist in prior periods. Any changes to the status of a subsidiary as a guarantor or non-guarantor were not material.

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

The following information sets forth Condensed Consolidating Statements of Operations for the thirteen and thirty-nine weeks ended September 28, 2008, and September 30, 2007, Condensed Consolidating Balance Sheets as of September 28, 2008, and December 30, 2007, and Condensed Consolidating Statements of Cash Flows for the thirty-nine weeks ended September 28, 2008 and September 30, 2007. Investments in subsidiaries are accounted for on the equity method; accordingly, entries necessary to consolidate the Parent Guarantor, the Issuers and all of our subsidiaries are reflected in the eliminations column. In the opinion of management, separate complete financial statements of the Issuers and the Subsidiary Guarantors would not provide additional material information that would be useful in assessing their financial composition.

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

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

16. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THIRTEEN WEEKS ENDED SEPTEMBER 28, 2008
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	$	$ 46.1	$	$ 675.1	$ 652.6	$	$ 1,373.8
Excise taxes		(1.9)		(163.8)	(287.0)		(452.7)
Net sales		44.2		511.3	365.6		921.1
Cost of goods sold		(38.7)		(251.6)	(234.1)		(524.4)
Equity in subsidiary earnings	264.3	(202.3)	163.8			(225.8)	
Gross profit	264.3	(196.8)	163.8	259.7	131.5	(225.8)	396.7
Marketing, general and administrative expenses	(16.4)	(12.1)		(112.0)	(96.3)		(236.8)
Equity income in MillerCoors		106.5					106.5
Special items, net	(21.3)	(0.3)		(3.0)	(0.2)		(24.8)
Operating income (loss)	226.6	(102.7)	163.8	144.7	35.0	(225.8)	241.6
Interest (expense) income, net	(3.7)	(4.1)	(14.7)	1.0	(0.1)		(21.6)
Other expense, net	13.8	(1.1)		0.3	(5.3)		7.7
Income (loss) from continuing operations before income taxes	236.7	(107.9)	149.1	146.0	29.6	(225.8)	227.7
Income tax (expense) benefit	(63.5)	213.7	(143.3)	(59.4)	(4.5)		(57.0)
Income from continuing operations before minority interests	173.2	105.8	5.8	86.6	25.1	(225.8)	170.7
Minority interests in net income of consolidated entities				0.1	(0.8)		(0.7)
Income from continuing operations	173.2	105.8	5.8	86.7	24.3	(225.8)	170.0
Gain from discontinued operations, net of tax					3.2		3.2
Net income	$ 173.2	$ 105.8	$ 5.8	$ 86.7	$ 27.5	$ (225.8)	$ 173.2

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

16. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THIRTEEN WEEKS ENDED SEPTEMBER 30, 2007
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	$	$ 770.3	$	$ 746.8	$ 740.1	$	$ 2,257.2
Excise taxes		(114.1)		(157.9)	(299.8)		(571.8)
Net sales		656.2		588.9	440.3		1,685.4
Cost of goods sold		(413.1)		(293.3)	(280.9)		(987.3)
Equity in subsidiary earnings	194.6	32.6	143.5			(370.7)	
Gross profit	194.6	275.7	143.5	295.6	159.4	(370.7)	698.1
Marketing, general and administrative expenses	(21.1)	(201.8)		(129.1)	(109.1)		(461.1)
Special items, net	(2.0)	(2.8)		(43.3)	(7.2)		(55.3)
Operating income	171.5	71.1	143.5	123.2	43.1	(370.7)	181.7
Interest (expense) income, net	(2.5)	(34.2)	(14.6)	2.3	0.3		(48.7)
Other income, net	0.4	0.4		0.7	0.4		1.9
Income from continuing operations before income taxes	169.4	37.3	128.9	126.2	43.8	(370.7)	134.9
Income tax (expense) benefit	(34.7)	(28.9)	61.6	0.1	7.6		5.7
Income from continuing operations before minority interests	134.7	8.4	190.5	126.3	51.4	(370.7)	140.6
Minority interests in net income of consolidated entities					(5.5)		(5.5)
Income from continuing operations	134.7	8.4	190.5	126.3	45.9	(370.7)	135.1
Loss from discontinued operations, net of tax					(0.4)		(0.4)
Net income	$ 134.7	$ 8.4	$ 190.5	$ 126.3	$ 45.5	$ (370.7)	$ 134.7

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

16. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	$	$ 1,713.2	$	$ 1,898.0	$ 1,938.3	$	$ 5,549.5
Excise taxes		(231.3)		(440.6)	(842.4)		(1,514.3)
Net sales		1,481.9		1,457.4	1,095.9		4,035.2
Cost of goods sold		(928.9)		(752.1)	(711.9)		(2,392.9)
Equity in subsidiary earnings	454.2	(81.4)	338.8			(711.6)	
Gross profit	454.2	471.6	338.8	705.3	384.0	(711.6)	1,642.3
Marketing, general and administrative expenses	(84.2)	(409.2)		(344.9)	(298.3)		(1,136.6)
Equity income in MillerCoors		106.5					106.5
Special items, net	(56.3)	(43.2)		(31.2)	(5.4)		(136.1)
Operating income	313.7	125.7	338.8	329.2	80.3	(711.6)	476.1
Interest (expense) income, net	(10.0)	(27.9)	(45.3)	3.1	(0.9)		(81.0)
Other expense, net	13.7	(1.3)		(1.3)	(4.7)		6.4
Income from continuing operations before income taxes	317.4	96.5	293.5	331.0	74.7	(711.6)	401.5
Income tax (expense) benefit	(26.2)	25.0	(59.1)	(9.3)	(10.9)		(80.5)
Income from continuing operations before minority interests	291.2	121.5	234.4	321.7	63.8	(711.6)	321.0
Minority interests in net income of consolidated entities				0.1	(11.7)		(11.6)
Income from continuing operations	291.2	121.5	234.4	321.8	52.1	(711.6)	309.4
Loss from discontinued operations, net of tax					(18.1)		(18.1)
Net income	$ 291.2	$ 121.5	$ 234.4	$ 321.8	$ 34.0	$ (711.6)	$ 291.3

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

16. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THIRTY-NINE WEEKS ENDED SEPTEMBER 30, 2007
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	$	$ 2,166.9	$	$ 1,944.8	$ 2,040.8	$	$ 6,152.5
Excise taxes		(319.6)		(409.0)	(833.6)		(1,562.2)
Net sales		1,847.3		1,535.8	1,207.2		4,590.3
Cost of goods sold	(0.1)	(1,148.8)		(810.4)	(765.1)		(2,724.4)
Equity in subsidiary earnings	409.5	34.1	346.3			(789.9)	
Gross profit	409.4	732.6	346.3	725.4	442.1	(789.9)	1,865.9
Marketing, general and administrative expenses	(63.3)	(559.2)		(365.0)	(327.3)		(1,314.8)
Special items, net	(2.0)	(2.8)		(71.5)	(12.6)		(88.9)
Operating income	344.1	170.6	346.3	288.9	102.2	(789.9)	462.2
Interest (expense) income, net		(62.7)	(41.9)	4.6			(100.0)
Other income (expense), net	0.6	1.3	0.2	18.8	(2.8)		18.1
Income from continuing operations before income taxes	344.7	109.2	304.6	312.3	99.4	(789.9)	380.3
Income tax (expense) benefit	(20.6)	(12.6)	(22.9)	(0.1)	28.2		(28.0)
Income from continuing operations before minority interests	324.1	96.6	281.7	312.2	127.6	(789.9)	352.3
Minority interests in net income of consolidated entities				0.1	(13.7)		(13.6)
Income from continuing operations	324.1	96.6	281.7	312.3	113.9	(789.9)	338.7
Loss from discontinued operations, net of tax					(14.7)		(14.7)
Net income	$ 324.1	$ 96.6	$ 281.7	$ 312.3	$ 99.2	$ (789.9)	$ 324.0

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

16. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)

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

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	$ 139.3	$ 0.4	$ 0.1	$ 54.7	$ 140.0	$	$ 334.5
Accounts receivable, net	4.1	18.6		149.9	418.8		591.4
Other receivables, net	0.4	19.8	(6.3)	31.7	71.0		116.6
Total inventories, net				138.3	93.1		231.4
Other assets, net	18.4	4.6		18.4	47.1		88.5
Deferred tax assets	(18.1)	17.5			0.6		
Discontinued operations					2.0		2.0
Total current assets	144.1	60.9	(6.2)	393.0	772.6		1,364.4
Properties, net	25.8	1.4		709.1	814.1		1,550.4
Goodwill		11.4		325.3	1,250.4		1,587.1
Other intangibles, net		52.9		4,205.7	417.9		4,676.5
Investment in MillerCoors		2,698.0					2,698.0
Net investment in and advances to subsidiaries	6,438.8	(1,379.8)	5,366.8			(10,425.8)	
Deferred tax assets	184.3	(77.4)	100.7	15.1	(26.5)		196.2
Other assets	15.7	17.5	4.8	67.6	133.8		239.4
Discontinued operations					8.1		8.1
Total assets	$ 6,808.7	$ 1,384.9	$ 5,466.1	$ 5,715.8	$ 3,370.4	$ (10,425.8)	$ 12,320.1
Liabilities and stockholders' equity							
Current liabilities:							
Accounts payable	$ 12.0	$ 40.8	$	$ 84.5	$ 123.8	$	$ 261.1
Accrued expenses and other liabilities	19.7	26.0	6.6	303.2	518.3		873.8
Deferred tax liability	30.7				136.3		167.0
Short-term borrowings and current portion of long-term debt		0.3	(0.2)	0.5			0.6
Discontinued operations					20.9		20.9
Total current liabilities	62.4	67.1	6.4	388.2	799.3		1,323.4
Long-term debt	575.0	45.4	1,169.5		204.3		1,994.2
Deferred tax liability	2.2	(2.0)			550.8		551.0
Other liabilities	6.5	199.6	84.3	461.3	397.4		1,149.1

Discontinued operations					154.0		154.0
Total liabilities	646.1	310.1	1,260.2	849.5	2,105.8		5,171.7
Minority interests				5.9	3.0		8.9
Total stockholders' equity	6,162.6	1,074.8	4,205.9	4,860.4	1,261.6	(10,425.8)	7,139.5
Total liabilities and stockholders' equity	$ 6,808.7	$ 1,384.9	$ 5,466.1	$ 5,715.8	$ 3,370.4	$ (10,425.8)	$ 12,320.1

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

16. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
AS OF DECEMBER 30, 2007
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	$ 243.7	$ 1.4	$ 0.1	$ 5.6	$ 126.2	$	$ 377.0
Accounts receivable, net		89.6		171.0	497.9		758.5
Other receivables, net	2.6	17.2	4.7	14.8	73.3		112.6
Total inventories, net		88.3		147.6	133.7		369.6
Other assets, net	24.8	39.7		19.9	51.3		135.7
Deferred tax assets	(0.2)	16.5		1.0	0.6		17.9
Discontinued operations					5.5		5.5
Total current assets	270.9	252.7	4.8	359.9	888.5		1,776.8
Properties, net	18.9	925.3		904.4	847.6		2,696.2
Goodwill		76.4		934.0	2,336.1		3,346.5
Other intangibles, net		23.0		4,518.9	497.5		5,039.4
Net investment in and advances to subsidiaries	6,188.2	(465.8)	7,229.2			(12,951.6)	
Deferred tax assets	232.3	35.3	101.0	(19.9)	(11.8)		336.9
Other assets	18.5	18.4	5.8	68.1	139.9		250.7
Discontinued operations					5.1		5.1
Total assets	$ 6,728.8	$ 865.3	$ 7,340.8	$ 6,765.4	$ 4,702.9	$ (12,951.6)	$ 13,451.6
Liabilities and stockholders' equity							
Current liabilities:							
Accounts payable	$ 5.9	$ 143.7	$	$ 79.6	$ 151.5	$	$ 380.7
Accrued expenses and other liabilities	35.8	285.7	22.1	287.1	558.4		1,189.1
Deferred tax liability					120.6		120.6
Short-term borrowings and current portion of long-term debt		(0.1)	(0.2)		4.6		4.3
Discontinued operations					40.8		40.8
Total current liabilities	41.7	429.3	21.9	366.7	875.9		1,735.5
Long-term debt	575.0	231.8	1,215.2		238.6		2,260.6
Deferred tax liability					605.4		605.4
Other liabilities	32.7	432.8	75.2	493.3	498.0		1,532.0
Discontinued operations					124.8		124.8

Total liabilities	649.4	1,093.9	1,312.3	860.0	2,342.7		6,258.3
Minority interests				5.9	37.9		43.8
Total stockholders' equity	6,079.4	(228.6)	6,028.5	5,899.5	2,322.3	(12,951.6)	7,149.5
Total liabilities and stockholders' equity	$ 6,728.8	$ 865.3	$ 7,340.8	$ 6,765.4	$ 4,702.9	$ (12,951.6)	$ 13,451.6

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

16. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Consolidated
Net cash (used in) provided by operating activities	$ (139.2)	$ 45.8	$ (93.5)	$ 344.4	$ 238.1	$ 395.6
CASH FLOWS FROM INVESTING ACTIVITIES:						
Additions to properties and intangible assets	(11.2)	(52.8)		(37.2)	(75.3)	(176.5)
Proceeds from sales of properties and intangible assets, net		28.8		1.0	5.9	35.7
Proceeds from sale of investment securities, net	22.8					22.8
Investment in and advances to MillerCoors		(78.8)				(78.8)
Investment in and advances to an unconsolidated affiliate				6.4	(15.4)	(9.0)
Trade loan repayments from customers					20.4	20.4
Trade loans advanced to customers					(27.9)	(27.9)
Other	(1.9)	0.2				(1.7)
Net cash provided by (used in) investing activities	9.7	(102.6)		(29.8)	(92.3)	(215.0)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Issuances of stock under equity compensation plans	51.6					51.6
Dividends paid	(87.0)				(15.2)	(102.2)
Dividends paid to minority interest holders				(8.4)	(11.9)	(20.3)
Proceeds from long-term borrowings					16.0	16.0
Payments on long-term debt and capital lease obligations		(180.4)		(0.4)	(0.4)	(181.2)
Proceeds from short-term borrowings				41.0	0.8	41.8
Payments on short-term borrowings				(39.9)	(0.9)	(40.8)
Net proceeds from revolving credit facilities					1.0	1.0
Change in overdraft balances and other	(0.9)	(16.4)		16.7	2.7	2.1
Settlements of debt-related derivatives		12.0		0.5	(0.5)	12.0
	61.3	240.7	93.5	(274.8)	(120.7)	

Net activity in investments and advances (to) from subsidiaries						
Net cash provided by (used in) financing activities	25.0	55.9	93.5	(265.3)	(129.1)	(220.0)
CASH AND CASH EQUIVALENTS:						
Net (decrease) increase in cash and cash equivalents	(104.5)	(0.9)		49.3	16.7	(39.4)
Effect of foreign exchange rate changes on cash and cash equivalents					(3.1)	(3.1)
Balance at beginning of year	243.7	1.4	0.1	5.5	126.3	377.0
Balance at end of period	$ 139.2	$ 0.5	$ 0.1	$ 54.8	$ 139.9	$ 334.5

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2008

16. SUPPLEMENTAL GUARANTOR INFORMATION (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THIRTY-NINE WEEKS ENDED SEPTEMBER 30, 2007
(IN MILLIONS)
(UNAUDITED)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Consolidated
Net cash (used in) provided by operating activities	$ (75.9)	$ 19.6	$ 285.5	$ 336.7	$ (237.3)	$ 328.6
CASH FLOWS FROM INVESTING ACTIVITIES:						
Additions to properties and intangible assets	(4.8)	(109.3)		(39.5)	(175.8)	(329.4)
Proceeds from sales of properties and intangible assets, net		0.9		29.6	5.1	35.6
Trade loan repayments from customers					22.9	22.9
Trade loans advanced to customers					(20.9)	(20.9)
Other		0.2			(26.7)	(26.5)
Net cash used in investing activities	(4.8)	(108.2)		(9.9)	(195.4)	(318.3)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Issuances of stock under equity compensation plans	179.3					179.3
Excess income tax benefits from share-based compensation	20.9					20.9
Dividends paid	(69.6)				(29.5)	(99.1)
Proceeds from (payments on) issuances of long-term debt	575.0					575.0
Payments on long-term debt and capital lease obligations		(625.7)		(0.3)	(0.2)	(626.2)
Proceeds from short-term borrowings				30.9	148.2	179.1
Payments on short-term borrowings				(31.3)	(129.9)	(161.2)
Sale of warrants	57.0					57.0
Purchase of call options	(106.7)					(106.7)
Net proceeds from commercial paper						
Net payments on revolving credit facilities				(5.5)	13.5	8.0
Change in overdraft balances and other	(11.3)	15.6			(1.5)	2.8
Net activity in investments and advances (to) from subsidiaries	(533.4)	701.8	(285.5)	(328.7)	445.8	
Net cash provided by (used in) financing activities	111.2	91.7	(285.5)	(334.9)	446.4	28.9

CASH AND CASH EQUIVALENTS:						
Net increase (decrease) in cash and cash equivalents	30.5	3.1		(8.1)	13.7	39.2
Effect of foreign exchange rate changes on cash and cash equivalents				1.9	8.0	9.9
Balance at beginning of year	81.1	1.8		16.4	82.9	182.2
Balance at end of period	$ 111.6	$ 4.9	$	$ 10.2	$ 104.6	$ 231.3

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided as a supplement to, and should be read in conjunction with, our audited consolidated financial statements, the accompanying notes, and the MD&A included in our Annual Report on Form 10-K for the fiscal year ended December 30, 2007, as well as our unaudited consolidated financial statements and the accompanying notes included in this Form 10-Q.

On March 5, 2008, we announced the creation of the Global Brand and Market Development organization ("Global Markets"), whose objectives are to grow and expand our business and brand portfolios in global development markets. As a result of this decision, our current businesses in Asia, Continental Europe, Mexico, and the Caribbean (not including Puerto Rico) are now included in Global Markets and combined with our corporate business activities, Corporate also includes corporate interest and certain other general and administrative costs that are not allocated to any of the operating segments. In order to reflect this change, the former Europe segment has been re-named as the United Kingdom segment ("U.K.") and includes the results of operations of the United Kingdom and the results of our royalty arrangements in the Republic of Ireland. The United States segment ("U.S.") now represents only the United States and Puerto Rico. As a result of the realignment, prior period amounts have been classified to conform to the current operating structure described above.

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

Pursuant to the LLC Operating Agreement, MillerCoors has a Board of Directors consisting of five MCBC-appointed directors and five SABMiller-appointed directors. The percentage interests in the profits of MillerCoors are 58% for SABMiller plc and 42% for MCBC, voting interests are shared 50%-50%. Each party to the joint venture has agreed not to transfer its economic or voting interests in the joint venture for a period of five years, and certain rights of first refusal will apply to any subsequent assignment of such interests.

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

BUSINESS OVERVIEW

Financial Highlights

The following third quarter highlights summarize components of our condensed consolidated summary of operations for the thirteen and thirty-nine weeks ended September 28, 2008 and September 30, 2007. Due to the seasonality of our operating results, quarterly financial results are not

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an appropriate basis from which to project annual results. See "RESULTS OF OPERATIONS" below for further analysis of our reportable segment results.

	Thirteen weeks ended September 28, 2008	Thirteen weeks ended September 30, 2007	% change	Thirty-nine weeks ended September 28, 2008	Thirty-nine weeks ended September 30, 2007	% change
	(Volumes in thousands, dollars in millions, except per share data and percentages)					
Volume in barrels	4,669	11,141	(58.1)%	25,453	31,332	(18.8)%
Net sales	$ 921.1	$ 1,685.4	(45.3)%	$ 4,035.2	$ 4,590.3	(12.1)%
Income from continuing operations	$ 170.0	$ 135.1	25.8%	$ 309.4	$ 338.7	(8.7)%
Diluted income per share from continuing operations	$ 0.92	$ 0.74	24.3%	$ 1.67	$ 1.87	(10.7)%

Consolidated Global Volumes including Proportionate Share of Equity Investments' volume

	Thirteen Weeks Ended September 28, 2008	Thirteen Weeks Ended September 30, 2007	% change	Thirteen Weeks Ended September 28, 2008	Thirteen Weeks Ended September 30, 2007	% change
	(In Thousands)			(In Thousands)		
	Actual	Pro forma(1)		Actual	Actual	
Volume in U.S. barrels:						
Financial volume	4,669	4,709	(0.8)%	4,669	11,141	(58.1)%
Royalty volume	67	59	13.6%	67	59	13.6%
Owned volume	4,736	4,768	(0.7)%	4,736	11,200	(57.7)%
Proportionate share of equity investment sales-to-retail(2)	7,289	7,238	0.7%	7,289		100.0%
Total worldwide beer volume	12,025	12,006	0.2%	12,025	11,200	7.4%

(1) Reflects the reduction of the U.S. segment volume reported for the thirteen weeks ended September 30, 2007.

(2) Reflects the addition of MCBC proportionate share of MillerCoors and Molson Modelo sales-to-retail for the periods presented, adjusted for comparable trading days.

	Thirty-nine Weeks Ended September 28, 2008	Thirty-nine Weeks Ended September 30, 2007	% change	Thirty-nine Weeks Ended September 28, 2008	Thirty-nine Weeks Ended September 30, 2007	% change
	(In Thousands)			(In Thousands)		
	Actual	Pro forma(1)		Actual	Actual	
Volume in U.S. barrels:						
Reported financial volume	25,453	24,901	2.2%	25,453	31,332	(18.8)%
Royalty volume	173	151	14.6%	173	151	14.6%
Owned volume	25,626	25,052	2.3%	25,626	31,483	(18.6)%
Proportionate share of equity investment sales-to-retail(2)	7,412	7,352	0.8%	7,412		100.0%

Total worldwide beer volume	33,038	32,404	2.0%	33,038	31,483	4.9%

(1) Reflects the reduction of the U.S. segment volume reported for the thirty-nine weeks ended September 30, 2007.

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(2) Reflects the addition of MCBC proportionate share of MillerCoors and Molson Modelo sales-to-retail for the periods presented, adjusted for comparable trading days.

Third quarter 2008 highlights:

- Molson Coors leading brands performed strongly in each of the company's major markets:
  - High-single-digit growth of Canadian strategic brands
  - Growth in seven of MillerCoors' twelve largest brands
  - Market share increase for Carling in a difficult U.K. beer market
- Sales-to-retail on a comparable basis grew 3.7% in Canada, and declined 3.1% in the U.K.
- The Canadian business is performing well, however, competitive price discounting in Québec, along with continued commodity inflation, challenged Canada's performance during the quarter.
- The U.K. business has grown market share and net sales per barrel on the strength of its brands, despite an array of U.K. industry challenges.
- In its first quarter of combined operations, MillerCoors grew trading-day-adjusted sales-to-retail 0.7% in the U.S., and increased revenue per barrel 3%.
- Additionally, MillerCoors management team expects to accelerate its three-year synergy savings targets by six months versus the original commitment when the joint venture was announced more than a year ago.
- MCBC acquired an economic exposure to Foster's Group ("Foster's") (ASX:FGL) via a cash settled total return swap arranged in Australia by Deutsche Bank. This swap gives MCBC exposure to nearly five percent of Foster's outstanding common stock.
- MCBC net income increased 29% to $173.2 million for the third quarter of 2008.

Cost savings initiatives

Our annual 2008 Resources for Growth ("RFG") cost reduction initiatives goal is to achieve $77 million and we have achieved more than 85% of the goal during the first three quarters of the year. In the third quarter of 2008, we realized $19 million of savings, in addition to the $47 million in savings recognized in the first half of 2008.

MillerCoors will absorb some of the RFG cost savings initiative benefits, along with some pre-existing Miller cost savings initiatives. Our 42% proportional share of these savings, which are in addition to the $500 million of committed MillerCoors cost synergies, will enable us to deliver on our overall cost saving commitment.

Income taxes

Our effective tax rate for the third quarter of 2008 was approximately 25%. We anticipate that our 2008 full year effective tax rate will be in the range of 20% to 24%. Our third quarter effective tax rate is higher than our anticipated full year rate primarily due to reductions in unrecognized tax benefits in the first quarter of 2008.

Discontinued operations

Discontinued operations are associated with the formerly-owned Kaiser business in Brazil. See Part I Financial Statements, Item 1 Note 7 "DISCONTINUED OPERATIONS" and Note 14 "COMMITMENTS AND CONTINGENCIES" for discussions of the nature of amounts recognized in

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the Discontinued Operations section of the condensed consolidated statements of operations, which consists primarily of amounts associated with indemnity obligations to the owners of Kaiser related to purchased tax credits and other tax, civil and labor issues.

RESULTS OF OPERATIONS

Canada Segment Results of Operations

Our Canada segment consists primarily of Molson's beer business, including the production and sale of the Molson brands, Coors Light and other licensed brands, in Canada. Effective, January 1, 2008, Molson and Grupo Modelo, S.A.B. de C.V. established a joint venture, Molson Modelo Imports ("MMI"), to import, distribute, and market the Modelo beer brand portfolio across all Canadian provinces and territories. Under the new arrangement, Molson's sales team will be responsible for promoting and selling the brands across Canada on behalf of the joint venture. The new alliance will enable Grupo Modelo to effectively tap into the resources and capabilities of Molson to achieve greater distribution coverage in the Western provinces of Canada. The MMI joint venture is accounted for using the equity method. The Canada segment also includes our arrangements related to the distribution of beer in Ontario and the Western provinces, through Brewers Retail, Inc. ("BRI") a consolidated joint venture, and Brewers' Distributor Ltd. ("BDL") a joint venture accounted for under the equity method.

	Thirteen Weeks Ended			Thirty-Nine Weeks Ended		
	September 28, 2008	September 30, 2007	% change	September 28, 2008	September 30, 2007	% change
	(Volumes in thousands, dollars in millions, except percentages)					
Volume in barrels	2,149	2,206	(2.6)%	5,764	6,001	(3.9)%
Net sales	$ 541.7	$ 546.2	(0.8)%	$ 1,458.0	$ 1,418.5	2.8%
Cost of goods sold	(278.5)	(263.6)	5.7%	(753.2)	(728.1)	3.4%
Gross profit	263.2	282.6	(6.9)%	704.8	690.4	2.1%
Marketing, general and administrative expenses	(110.9)					