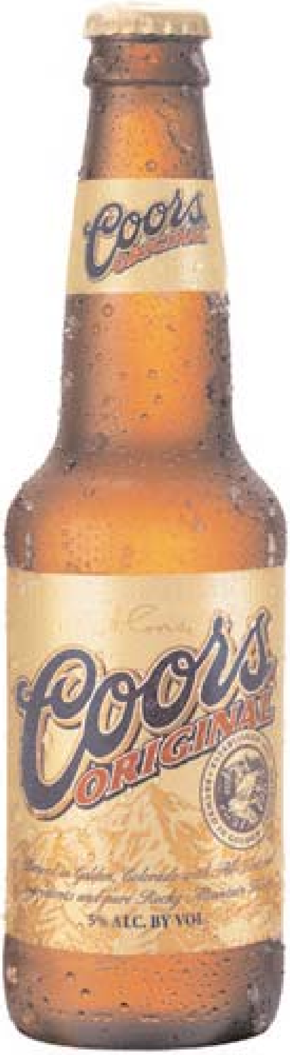
Adolph Coors Company 2003 Annual Report

THIRST



Coors Original is the beer that started it all in 1873. Cold. Crisp. Clean. This is real Rocky Mountain beer, 100 percent brewed in Golden. Perfect for Guys' Night Out.

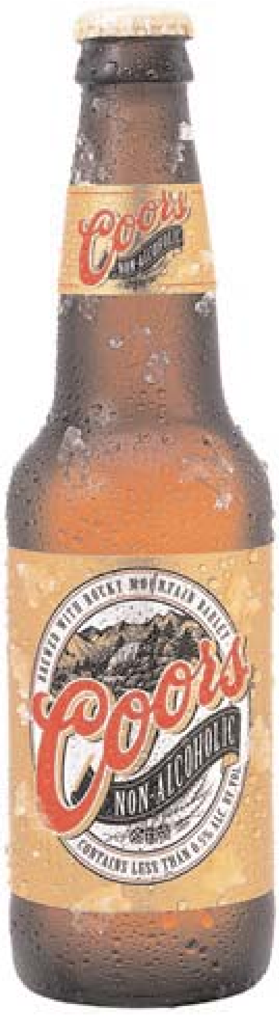
Coors Light is our global flagship brand. Growing Coors Light is our top priority in the U.S. market – in 2003, we increased media advertising to further build the brand and drive volume growth.

Carling is the U.K.'s best-selling beer. In 2003, it became the first and only beer to sell 5 million U.K. barrels in a 12-month period. We continue to build the brand with a major marketing campaign that includes media advertising, promotions and exciting music and soccer sponsorships.

PULL

Killian's Irish Red is a traditional lager with an authentic Irish heritage and a distinctive amber color. In 2003, we promoted this smooth brew as a step up for celebrating life's best times.

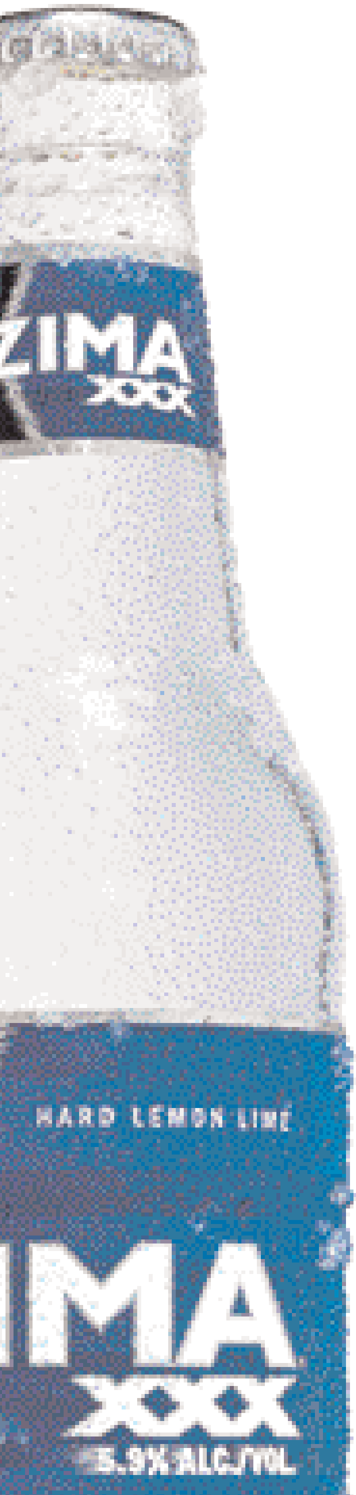
Keystone Light is a refreshing light beer that appeals to young adults on a limited budget and introduces them to our great family of Coors beers. Our "Parties Happen" brand positioning drove explosive double-digit volume growth in 2003.



Coors NA gives beer lovers the great taste of Coors without the alcohol. A must for designated drivers.

Blue Moon Belgian White is an unfiltered wheat ale in the Belgian tradition. More and more people are discovering why the brand enjoyed its third consecutive year of 25-plus percent growth in 2003.

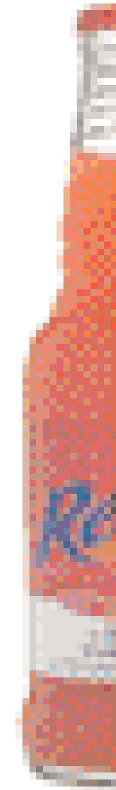
Aspen Edge brings Coors' tradition of brewing excellence to the high-growth low-carb beer category in March 2004 – with a rich, full-bodied color and a great taste. "So good, it doesn't even know it's low-carb."



Zima XXX represents a brand-new taste for the flavored alcohol beverage category. We launched this brand extension in early 2004 with three intense, "extreme" flavors, Hard Black Cherry, Hard Lemon Lime and Hard Orange.

Worthington's is our traditional ale that continues to gain share in an otherwise declining category. In 2002 we introduced Worthington's 1744, a delicious cask ale.

Coors Fine Light Beer is Coors Light for the U.K., specially formulated for European tastes with a fuller body. The brand hit the U.K. on-trade channel in October 2003 and in off-trade in January 2004, supported by major media investment.



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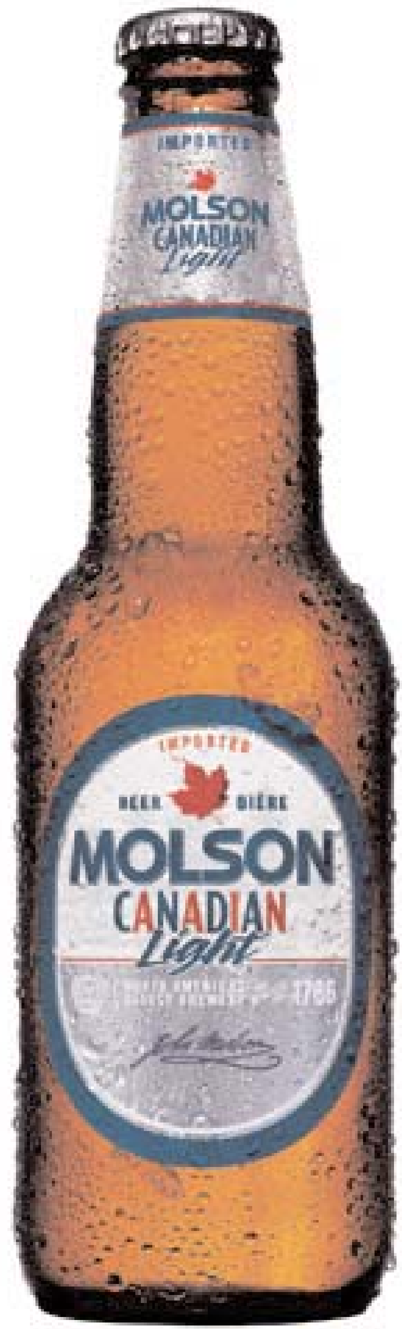
Reef is a popular flavored alcohol beverage, the fourth-best seller in the U.K. Great new flavors helped it become one of the fastest-growing FABs in the take-home category in 2003.

Molson Canadian continued its U.S. growth with Coors in 2003, thanks to strong marketing and the efforts of our Molson/Coors joint venture team.

Grolsch is one of our biggest and fastest-growing U.K. brands, a premium lager brewed in the continental style. Famous for its iconic swing-top bottle, Grolsch passed the one million hectoliter mark in the U.K. and became the number-two premium lager in the off-trade category in 2003.

Mexicali is a smooth, great-tasting import that brought its Baja Mexico heritage to select U.S. markets in 2003.

Molson Canadian Light is an important part of our U.S. Molson portfolio, offering a great imported light beer from North America's oldest brewer.



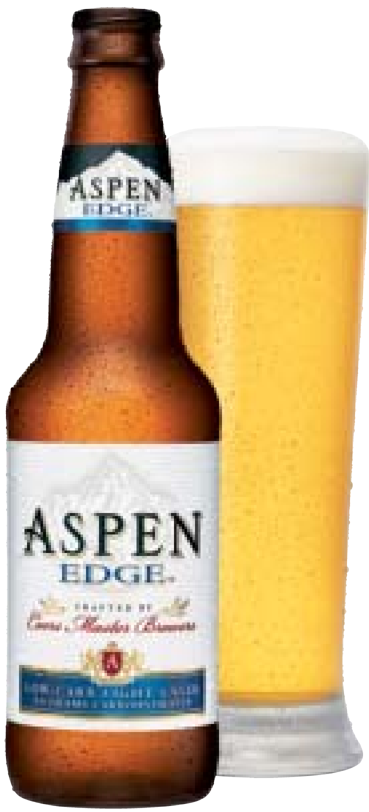
A thirst to QUENCH. Thirst. As a brewer, this is what it's all about. When adults are thirsty, we want one of our cold, refreshing beers in their hands. It's our core purpose: to quench the thirst of every new generation of legal-drinking-age beer drinkers. But at Coors, the word "thirst" expresses something else as well: **Our thirst to build. Our thirst to improve. Our thirst to excel.**

No question, 2003 was a tough year, for the industry and for Coors. But we got some great work done, building capability for the future. We're focusing on the right things. We're investing to win. And we're nowhere near finished. **The thirst that drives us will never be quenched.**


HERE'S TO THE WINGMAN.
Coors LIGHT
COLD · DOWN · EASY

A thirst to BUILD. We can't win if we don't grow. That's why we're investing to build our brands while we develop key markets to build sales.

In the U.S., Coors Light remains the top priority. Throughout 2003, we continued our award-winning image advertising, highlighted by "Wingman," driving steadily improving brand image, awareness and purchase intent among young adult males. Meanwhile, we worked our exclusive NFL sponsorship hard, helping on-premise accounts create an "NFL headquarters" feel that draws crowds. Music events and artists, NASCAR, Miramax, and *Maxim* magazine rounded out one of the strongest sponsorship lineups in beer.

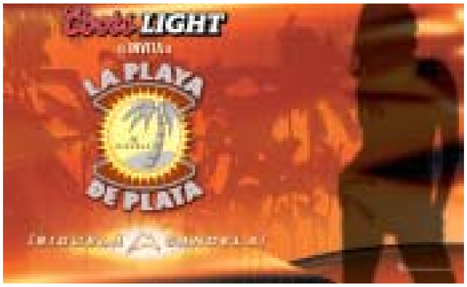


In early 2004, we entered the U.S. low-carb arena with Aspen Edge. One sip tells you it was worth the wait. Forget the carbs. This is a great-tasting beer. At the same time, we challenged spirit brand dominance in the flavored alcohol beverage category with the totally reformulated and repackaged Zima XXX.

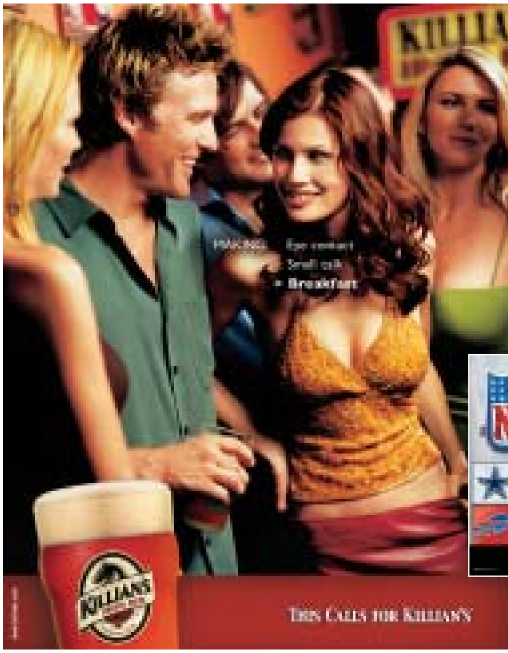
In 2003, we sharpened our Coors Original media focus on its strongest-volume markets. We put “feet on the street” to grow Killian’s and Blue Moon in key regions. Our U.S. Molson brand portfolio grew volume, led by Canadian and Canadian Light. And with a tough economy fueling Keystone’s popularity, we increased Coors’ visibility on Keystone Light packaging to increase the likelihood of drinkers “trading up” to Coors Light in the future.

Also in 2003, we intensified our focus on key channels, demographics and geographic markets to drive growth. Our grass-roots, market-by-market approach began to pay dividends in the all-important convenience store channel and Hispanic demographic. Coors’ unique Latino Street Wise program combined laser-sharp sponsorship and media support with an ongoing, long-term commitment to highly creative off- and on-premise promotions. The objective: get Hispanic consumers to adopt the brand, not just try it.

Coors Light continued to boom north of the border. It’s Canada’s



Latino Street Wise is winning over Hispanic beer drinkers one neighborhood at a time with grassroots persistence and focus.



The NFL is a strong sports property, and Coors Light is leveraging its exclusive sponsorship to maximum advantage both on-premise and off.

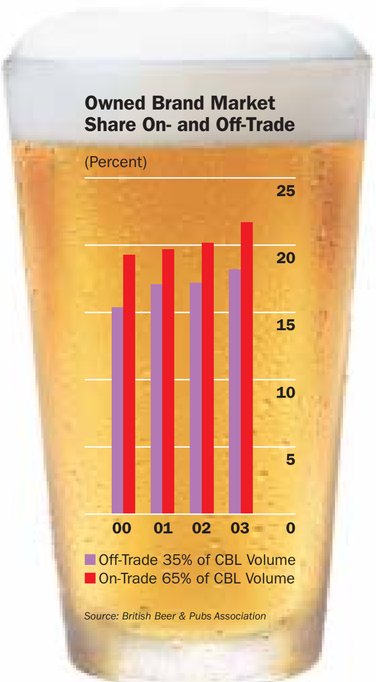
Killian's, "The Irish-spirited beer for everyday occasions," was a key player in our on-premise lineup that helped us make progress in 2003.

Coors Original outpaced category competitors in 2003 with its "real beer for real guys" positioning.

number-one light beer, delivering solid growth in volume, market share and profitability in 2003. In Puerto Rico, we held an approximate 50 percent market share despite increased excise taxes on imports.

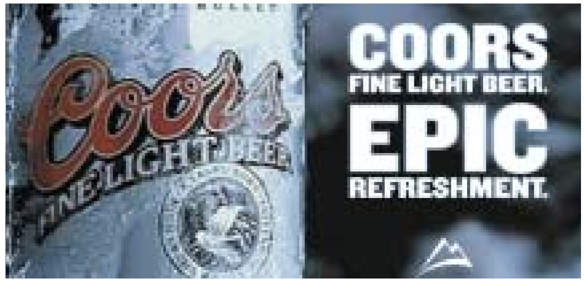
In the U.K., lagers lead, and **Coors Brewers Limited has the brands for advantage.** With Carling, Grolsch and, new in 2003, Coors Fine Light Beer, we continued to build on that leadership with powerful media campaigns and sponsorships in music and football.

Grolsch continued its highly effective "slow-brewed" positioning. Innovative products like the super-chilled, super-popular Carling Extra Cold **helped grow our on-trade business** – and we improved the dispense technology to make a good thing even better. Now a pint can be served at just two degrees above freezing.



We made major headway in building key U.K. markets, with increased distribution and share gains both in the on-trade and off-trade channels.

Our newest entry into the U.K. lager market is Coors Fine Light Beer – an American classic, reformulated for European tastes.



Carling keeps growing its share of the U.K. pub market, due to its great taste and product innovations like Carling Extra Cold.

In the U.K., when fans think of soccer, increasingly they think of Carling, thanks to solid media advertising and a long track record of sponsorship.

Grolsch's innovative Fridge Pack is designed to drive volume in the growing U.K. off-trade channel.


Coors LIGHT

A thirst to IMPROVE. In 2003, we continued to gain momentum in our efforts to reduce costs, increase productivity and improve quality, both in the United States and in the U.K.

We had a number of significant wins in U.S. operations in spite of start-up issues in our new supply chain management systems and processes. Packaging materials initiatives in glass, through our partnership with Owens-Brockway, and in aluminum resulted in significant savings that helped drive remarkable cost-per-barrel improvements given supply chain-related costs and soft volume. Working with our Ball Corporation partner, we completed a two-year can plant upgrade with no service interruptions, hitting cost and quality improvement targets ahead of schedule.

Our efforts to achieve world-class manufacturing operations resulted in major improvements in productivity and line performance in the U.S. during 2003. Early in the year, we streamlined workflow and eliminated redundant processes. On-going initiatives such as Asset CARE, our predictive/scheduled maintenance program, drove much better reliability, speed and scheduling.

A welcome benefit from these enhancements came in the form of improved quality across the board. U.S. distributors and retailers noticed a marked improvement in package integrity. Greater consistency of process resulted in greater consistency of product, and consumer-perceived quality increased in 2003. The freshness of our beer at retail has never been better.

U.K. operations made progress as well. After closing the Cape Hill brewery at the end of 2002, we successfully moved some production to our Burton brewery in 2003, in the process enhancing packaging capabilities with six new lines. We also completed and began to deliver on a comprehensive $59 million investment to streamline operations, increase flexibility and drive lower costs per barrel.

The point of all this improvement? Save money to invest it – in building our brands. In our people. In growth.

After closing the Cape Hill brewery, consolidating operations and adding new packaging lines, CBL's Burton facility is off and running for 2004.

Overall line performance and productivity showed improvement in our U.S. operations, also creating an upswing in product quality and package integrity in 2003.

Carling is extending its market leadership to the U.K. take-out crowd, showing strong off-trade share gains in 2003.

Financial Highlights

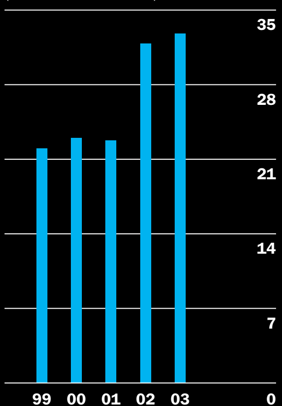
(Dollars in thousands, except per share data, fiscal year ended)	December 28, 2003	December 29, 2002	Change
Barrels of beer and other malt beverages sold	32,735,000	31,841,000	2.8%
Net sales	$4,000,113	$3,776,322	5.9%
Net income	$ 174,657	$ 161,653	8.0%
Properties – net	$1,450,785	$1,380,239	5.1%
Total assets	$4,486,226	$4,297,411	4.4%
Shareholders' equity	$1,267,376	$ 981,851	29.1%
Dividends	$ 29,820	$ 29,669	0.5%
Number of employees	8,500	8,700	-2.3%
Number of shareholders of record	2,985	2,963	0.7%
Number of Class A common shares outstanding	1,260,000	1,260,000	–
Number of Class B common shares outstanding	35,153,707	35,080,603	0.2%
Per share of common stock			
Net income – basic	$ 4.81	$ 4.47	7.6%
Net income – diluted	$ 4.77	$ 4.42	7.9%
Net book value	$ 34.80	$ 27.17	28.1%
Dividends	$ 0.82	$ 0.82	–

Results prior to February 2, 2002, do not include Coors Brewers Limited.

Profile Adolph Coors Company, traded on the New York Stock Exchange under the ticker symbol "RKY," is ranked among the 500 largest publicly traded corporations in the United States. Its principal subsidiary is Coors Brewing Company, the nation's third-largest brewer. With its headquarters and primary brewery in Golden, Colorado, the company also owns the second-largest brewer in the United Kingdom, Coors Brewers Limited.

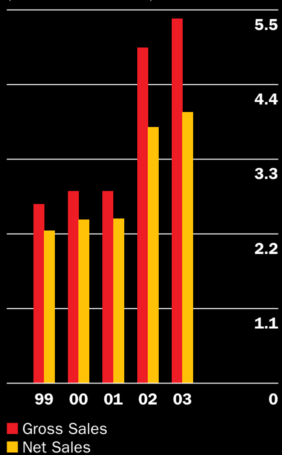
Sales Volume[1]

(In millions of barrels)



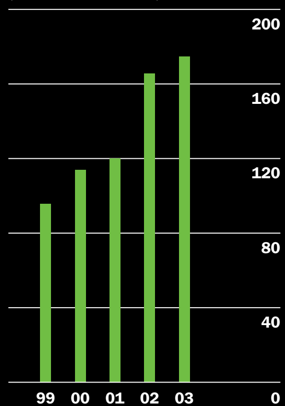
Sales[1,2]

(In billions of dollars)



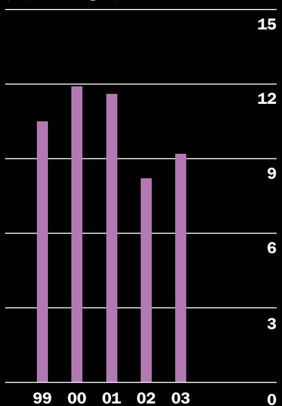
After-tax Income[1,3]

(In millions of dollars)



Return on Invested Capital[1,4]

(In percentages)

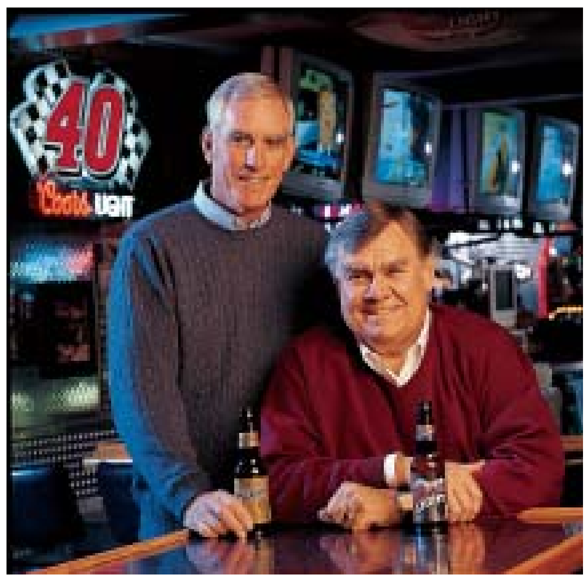


1 *Results for periods prior to February 2, 2002, exclude Coors Brewers Limited.*
2 *The difference between gross sales and net sales represents beer excise taxes.*
3 *Excluding net special charges (1999-2002), gains on sale of distributorships (in 2001 and 2000). See the company's consolidated Income Statement for the specific amounts of these exclusions from results calculated using generally accepted accounting principles (GAAP), and go to our website, www.coors.com, for a reconciliation of these non-GAAP measures to GAAP results, along with an explanation of why these non-GAAP measures may be useful to investors and why they are used by company management.*
4 *Defined as after-tax income before interest expense and any unusual income or expense items (including special charges, gains on sale of distributorships and credits), divided by the sum of average total debt and shareholders' equity. The calculation of Return on Invested Capital for 2002 is based on average invested capital balance from the date of our CBL acquisition to the end of the year in order to properly reflect the year's return inclusive of Coors Brewers Limited.*

A thirst to EXCEL. The year 2003 was a difficult one for just about every major U.S. brewer. A weak U.S. economy, poor summer

weather in key U.S. markets and wars overseas negatively affected volume, especially among young legal-drinking-age adults. For Coors in particular, the rise in popularity of low-carbohydrate-positioned beers and fourth-quarter supply chain problems in the U.S., combined with difficult comparisons and pricing pressures in the U.K., further hurt results.

We had setbacks, but we also had wins. Our Coors Light brand is the strongest it's been in years among young adults. We continued to improve our cost structure. We generated strong cash flow and reduced our debt significantly, ahead of schedule. Most important, we continued our investments to build for the future, succeeding in establishing the groundwork for stronger performance in every aspect of our business.



A dynamic environment

The U.S. beer market environment is one of the most dynamic and competitive we've seen in a long time, and that's not likely to change in the foreseeable future. Importantly, dynamic markets bring both big challenges and big opportunities. With the emergence of the low-carb trend, 30- to 40-year-old adults are switching brands for product benefit for the first time since the advent of light beer some 25 years ago. Head-to-head competition is intense between brewers across all categories and channels. Spirit companies remain a force to be reckoned with as well – they continue to develop and aggressively market flavored alcohol beverages to recruit young legal-aged drinkers to their brands.

In the U.K., market preferences are continuing to shift to lagers packaged for take-home and purchased in the off-trade channel, where price competition is intense. The U.K. marketplace is changing from an independent pub culture to one dominated by large retail customers both in the on- and off-trade.

For all the challenges the current environment presents, we see great opportunity for Coors. In the U.S., our major competitors are as challenged as we are by

economic and market forces; our brand portfolio and talent in sales and marketing put us in a great position to gain share. In the U.K., we have the market's strongest lager brand portfolio with Carling, the nation's number-one beer; Grolsch, one of the leading continental premium lagers; and Coors Fine Light Beer, our new entry into the popular American lager category. Our improved U.K. cost structure and a solid pricing strategy are improving margins there.

Our strategy to win

Both in the U.S. and the U.K., we must focus on four key strategies to succeed and grow in the current environment – one, build our brands; two, develop strong partnerships; three, attack costs; and four, build a strong team. We've emphasized these four areas in the past several years and made progress in all. But to win, we must intensify and refine our tactics. That's what we are doing in 2004 and beyond.

In the first area of strategic focus, we will continue our strong emphasis on building brands by recruiting young adult beer drinkers and keeping them for life. To do this requires investing in a combination of advertising, product news and close-to-the-market recruitment. We are increasing our investments in Coors Light and Carling advertising and honing our creative to increase effectiveness while we sharpen our sales and marketing focus on key channels, demographics and regions to drive growth of our other brands. Product news is critical to building brands, as well. This can come in the form of new products, or news on our existing brands. We'll meet this objective in 2004 with Aspen Edge, Zima XXX, Carling Extra Cold, and Coors Fine Light Beer. We'll continue to pursue innovation across our product portfolio going forward. Another key piece in the brand-building puzzle is channel effectiveness, particularly in those channels where our target consumers form their brand preferences, such as convenience store and on-premise. We are revamping both our U.S. sales and marketing organizations in 2004 to accomplish this.

And, of course marketing our brands responsibly is extremely important to all of us in the industry. We have long been a leader in efforts to fight underage consumption, over-consumption and drunken driving. We will never lose sight of this key aspect of what we do as we work hard to build our business.

Continuously building and strengthening partnerships is the second strategic area critical to winning in the beer business. This strategy is important across our entire enterprise. On the sales end, working more effectively with key retail accounts and our distributor partners is essential to our success in driving volume growth and increasing market share. We are making significant investments in both the U.S. and the U.K. to sharpen our market and channel capabilities. On the operating end of our business, partnering globally with companies like EDS, the Ball Corporation and Excel will continue to help us drive out costs and improve operational performance.

Our third area of strategic importance is cost reduction. We must continue to attack costs and invest in improving productivity throughout our business. We made solid progress across key areas of our U.S. and U.K. businesses in 2003, with the biggest wins coming in operations costs per barrel and improved manufacturing processes. We'll work to continue this essential momentum in 2004.

The fourth and most important strategic objective for Coors is to build a great team. We have done that, and our focus going forward will be to further increase and develop our talent and skills. Because simply, people make it happen.

Why we're confident

So, what makes us so confident we can win in this volatile and highly competitive beer marketplace? First of all, with excellent cash flow and a strong balance sheet, we have the resources to invest. We'll continue to pursue strategies to generate cash and build financial strength so we can do what we need to do to improve and grow.

The greatest source of our confidence is in our people and the strength of our unique Coors culture. We've said this before – we can put employee names on every achievement, every area where we've made progress over the years. In the end, it isn't strategies and initiatives that will drive our success in the beer business. It's the drive and performance of our people. We think we have built something special here at Coors, an international team and a winning culture characterized by five enduring values: integrity, excelling, quality, creativity and passion. With this going for us, we see no limit to what we can achieve in the future.

Peter Coors
Chairman
Adolph Coors Company and Coors Brewing Company

Leo Kiely
Chief Executive Officer, Adolph Coors Company
President and Chief Executive Officer, Coors Brewing Company

More global means more resilient. In 2003, CBL performance in the U.K. and Coors Light in Canada showed the advantages of becoming more than a one-brand, one-market company.

Continued cost reduction and productivity despite headwinds. We delivered good progress across the entire business in our drive to improve costs and productivity, in spite of challenges, particularly in the U.S. market.

Reducing debt ahead of schedule. In just two years, we have reduced our debt by nearly a third through an emphasis on cash generation and disciplined capital management.

Financial Contents

Financial Performance Summary

Two years after the Coors Brewers Limited (CBL) acquisition, Coors has been transformed, with a much broader earnings footprint that makes us stronger, less vulnerable and more stable.

Tim Wolf

To be sure, during 2003 we were not pleased with U.S. volume growth, U.K. profit growth and U.S. fourth quarter product supply. Nevertheless, Coors is a much stronger company today – more global and more resilient – than in previous years. Our sources of revenues, profits and cash flow are more diverse than ever, extending beyond the United States to Canada and the United Kingdom.

At CBL, we are accomplishing exactly what we said we would: We have added a solid business, a market leader with the ability to grow in one of the largest beer markets in the world, and a business that has contributed – and will contribute – well into the future.

Since CBL joined the Coors organization, we have proven that we can generate cash, improve working capital efficiency, further improve capital spending disciplines, monetize non-core assets and reduce debt. This is particularly important given the $1.6 billion we borrowed to acquire CBL. In two years, we have repaid nearly one-half billion U.S. dollars of debt, almost one-third of the original balance, far exceeding the commitments we made to our banks and the rating agencies at the time of acquisition. Also, we achieved this strong debt reduction during two years that challenged profit growth.

We have proven that we can manage a more complex global business. Since the CBL acquisition, we have grown our U.K. volume, market share, profits and cash flow in a tough competitive environment. We have rationalized production and substantially improved operations, and we further improved the solid team already in place when we bought the business.

On the U.S. side, the solid cost focus of our operations team has changed fundamentally the economics of our business. Since 2001, when we first began to achieve traction on a variety of cost reduction opportunities, we implemented a range of initiatives that have taken more than $40 million out of our U.S. operations costs, and accelerated our annual gross margin expansion to 100 basis points per year. We accomplished this despite higher fuel and payroll-related costs, and the product supply challenges of last fall. We continue to see opportunities for Coors in 2004 and beyond, and we have identified initiatives to achieve our goal to reduce operations costs by another $4 to $5 per barrel over the next four to five years.

We know we have more to do to achieve our objectives, but the past few years have shown that while rapid changes in the global beer business will continue to challenge, they also provide opportunities. We are better positioned to offset challenges and exploit opportunities because Coors is no longer an exclusively United States, one-brand player. We are bigger, stronger and more committed to winning than ever.

One thing that has not changed, however, is our continued commitment to constantly develop and build the talent of our team, characterized always by our strongly-held values of integrity, quality, excelling, passion and creativity.

Timothy V. Wolf

Timothy V. Wolf
Chief Financial Officer,
Adolph Coors Company and Coors Brewing Company

Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

Overall, 2003 was a difficult year for us, especially in the United States. We faced extremely soft industry demand throughout the year in the United States, and, although we made significant progress in key areas of our business, our Americas segment profits came in only slightly above our prior year results.

The US beer industry faced many challenges in 2003, including:

- Continued weakness in the US economy during 2003 and, specifically, high unemployment levels among the key 21- to 24-year-old male consumer population,
- Unfavorable weather, particularly in the Northeast, for a significant part of the peak summer selling season,
- The popularity of low-carbohydrate diets that softened demand for beer,
- The rise in popularity of distilled spirits and other alternative beverages, particularly among 21- to 29-year olds, and
- A protracted grocery store strike in California that likely impacted sales in the largest beer state.

Two additional issues were unique to our US business during 2003. First, we did not offer a product with "low-carbohydrate" positioning. Second, late in the year, when most of the industry was showing signs of recovery, we experienced significant product-supply problems that left us unable to meet all the needs of our wholesale and retail customers. We are addressing these issues early in 2004 in order to optimize our supply chain systems capabilities.

Our 2003 performance in the Europe segment, specifically in the United Kingdom, reflected strong volume and market share growth. Results were negatively impacted by the lack of benefits in 2003 from revenue-producing transitional activities which occurred in 2002 following our acquisition of the UK business, as well as high levels of discounting in the off-trade channel during the first two-thirds of the year. Later in the year, however, our performance in the United Kingdom showed the positive profit impact of our strong volume growth, reduced off-trade discounting levels, and productivity improvements from supply chain initiatives.

One critical area of accomplishment in 2003 was our cash generation and debt reduction. Full-year debt repayments totaled $272 million, more than 30% greater than the $208 million we repaid in 2002. Cash flow during the year benefited from higher operating cash flow, a temporary reduction in cash taxes, improvements in working capital, and continually improving capital spending disciplines in the United States. Those are the key highlights for 2003.

Looking forward, we have four major strategies we're focused on to succeed in the global beer industry:

- First, we are striving to capture an increasing share of each new generation of legal-drinking-age beer drinkers in order to gain their brand loyalty for the long-term. We intend to accomplish this by building our big brands in big markets – Coors Light in the Americas, Carling and Grolsch in the United Kingdom – which are the young-adult beer drinker's point of entry into our portfolio. To achieve this goal, we continued during 2003 to refine our sales and marketing initiatives supporting our flagship brands. As a result, volume momentum in the United Kingdom behind Carling and Grolsch has been outstanding. In Canada, Coors Light has continued to grow volume and market share. Despite a poor volume year in the United States, we've made progress among key demographics and retail channels, and we are taking steps to make all of our initiatives even more effective.
- Second, we intend to capture more than our fair share of the product news opportunities in the category each year through both new products and brands, or product developments with existing brands, such as Coors Light and Carling. In March 2004, we launched Aspen Edge – our entry in the low-carb segment here in the United States. We are also repositioning Zima in the United States, continuing to expand Carling Extra Cold in the United Kingdom, and launching our Coors Fine Light beer in the United Kingdom.

- Third, we need to strengthen our access to retail by building the capabilities that are key to partnering and being successful with our wholesalers and retailers. Our biggest investment to strengthen our access to retail in 2003 was the initiative to improve our Americas supply-chain systems and processes. Making these investments was a necessity for the long-term success of our business. Our start-up problems were greater than expected, but in early 2004, product supply has improved as wholesale and retail stock-outs are now a fraction of what they were in our most difficult period early in the fourth quarter of 2003. When the capabilities of our new supply-chain systems and processes are more fully optimized later this year, our distributors will have more control over their orders, better visibility throughout the shipping process, and better service, which we anticipate will result in efficiencies and cost savings for us and for our distributors.
- Fourth, we need to lower our cost structure so that we can grow profits and afford the investments needed to grow and succeed. In 2003 we made significant progress in both the Americas and Europe. Productivity from operations in the United States was solid in 2003, despite soft volume. In the United Kingdom, we right-sized our production assets in 2003, and we expect to see the benefits in 2004.

We believe these four strategies represent the right business model for succeeding in our current environment. Despite our 2003 results and the challenges ahead, we have made significant progress in key areas of our business that make us optimistic about our future prospects.

Results of Operations

Our consolidated results are driven by the results of our two operating segments, Americas and Europe, and our unallocated corporate expenses. When comparing 2003 to 2002, note that we only include Coors Brewers Limited (CBL) results since February 2, 2002, the date of acquisition, thus excluding CBL's January 2002 results.

Consolidated income before income taxes decreased 1.1% in 2003 compared to 2002. Our consolidated volume increased 2.8% from 31.8 million barrels to 32.7 million barrels. These results were driven by improved performance in the second half of the year in our major businesses outside the United States, including Europe, Canada, and the Caribbean. Our business was also helped by favorable foreign exchange rates, better margins, and improved UK operations productivity. However, offsetting these positive factors, our US business suffered from soft industry demand throughout the year, increased popularity of beers with low-carbohydrate positioning, and our product-supply disruptions related to implementation of our new supply chain systems and processes late in the year.

Our effective tax rate in 2003 at 31.2% was significantly lower than our tax rate in 2002 at 37.0%. The lower rate was primarily the result of the favorable completion of tax audits for the years 1996 through 2000 and benefits realized from the tax structure related to the acquisition of our UK business. This lower tax rate is directly responsible for net income and earnings per share increasing 8% in 2003 from the prior year.

From 2001 to 2002, consolidated income before taxes increased significantly, primarily as a result of our acquisition of CBL on February 2, 2002. From 2001 to 2002, our net sales and income before income taxes increased 55.4% and 29.6%, respectively, as a result of the additional business. We also experienced a significant increase in interest expense, of $2.0 million to $70.9 million, during 2002 as a result of debt incurred to acquire the CBL business. We achieved an increase from 22.7 million barrels to 31.8 million barrels of beverages, an increase of 40%. Our Americas business reported a modest increase in income before income taxes and basically flat volume from 2001 to 2002. These results are expanded upon in the Americas segment discussion that follows.

Our consolidated effective tax rate was 37.0% in 2002, down from 37.9% for 2001. The decrease was driven by the benefits realized from our UK business.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Americas Segment

The Americas segment is focused on the production, marketing and sales of the Coors portfolio of brands in the United States and its territories. This segment also includes the Coors Light business in Canada that is conducted through a partnership investment with Molson, Coors Canada, and the sale of Molson products in the United States that is conducted through a joint venture investment, Molson USA. The Americas segment also includes the small amount of volume that is sold outside of the United States and its territories and Europe.

(In thousands, except percentages, fiscal year ended)	Dec. 28, 2003	Percent change	Dec. 29, 2002	Percent change	Dec. 30, 2001
Volume in barrels	22,374	(1.4)%	22,688	0.1 %	22,667
Net sales	$ 2,409,595	0.4 %	$ 2,400,849	(0.9)%	$ 2,422,282
Cost of goods sold	(1,474,250)	(0.5)%	(1,481,630)	(3.3)%	(1,532,471)
Gross profit	935,345	1.8 %	919,219	3.3 %	889,811
Marketing, general and administrative expenses	(717,622)	2.3 %	(701,454)	2.3 %	(685,568)
Special charges, net[1]	–	N/M	(3,625)	(84.4)%	(23,174)
Operating income	217,723	1.7 %	214,140	18.3 %	181,069
Gain on sale of distributorships[2]	–	–	–	N/M	27,667
Other income, net[3]	3,485	(28.4)%	4,864	N/M	1,319
Income before income taxes	$ 221,208	1.0 %	$ 219,004	4.3 %	$ 210,055

1 *The 2002 net charge consists of expenses related to restructuring and the dissolution of our former can and end joint venture, offset by a cash payment on a debt from our former partner in a brewing business in South Korea. The net 2001 charge consists of the restructuring of our purchasing and production organizations, impairment charges on certain fixed assets, charges to dissolve our former can and end joint venture and incremental consulting, legal and other costs incurred in preparation to restructure and outsource our information technology structure.*

2 *Gain from the sale of company-owned distributorships.*

3 *Consists primarily of equity share of Molson USA losses and gains from sales of water rights and warehouses.*

N/M = Not meaningful

Foreign Currency Impact on 2003 Results In 2003, our Americas segment benefited from a 10.8% year-over-year increase in the value of the Canadian Dollar (CAD) against the US dollar. As a result of this exchange rate fluctuation, net sales, operating income, and income before taxes are higher than in the prior year by approximately $5.5 million.

Net Sales and Volume Net sales for the Americas segment increased slightly from 2002 to 2003. On a per barrel basis, net sales increased 1.8% while volume decreased 1.4% year-over-year. Net sales were impacted positively by continued favorable pricing in the United States, as well as significant growth in our Canadian business. Likewise, net sales were impacted positively by a one-time $4.2 million increase in revenue during the first quarter that resulted from the settlement of a contract interpretation dispute between Coors Brewing Company (CBC) and one of our wholesalers. However, we experienced challenges in our Americas segment as our volume was impacted negatively by a weak industry demand throughout the year caused by a very wet summer in the Northeast and a sluggish economy. In addition, we were negatively impacted by a mix shift toward lower revenue-per-barrel brands such as Keystone Light, which experienced a volume growth of 10.9%. Growing consumer interest in low-carbohydrate food and beverage products hurt sales for Coors Light and other premium light beers that did not have low-carbohydrate positioning. As a result of this change in consumer tastes and the mix shift away from premium products, Coors Light sales volume declined in 2003.

We also experienced significant challenges in the fourth quarter of 2003 when we implemented new supply chain systems and processes. Due to a difficult start-up early in the fourth quarter, we were unable to ship sufficient quantities of beer in some brand and package configurations. While our supply chain improved by the end of the year, the supply disruptions caused by this implementation had a meaningful negative impact on 2003 volume and earnings.

Our 2002 net sales decreased 0.9% from 2001, while volume for the Americas segment remained relatively flat. Net revenue per barrel declined 1% from 2001. The declines were mostly due to the sale of company-owned distributorships in 2001 (whose volumes were included in 2001 results until the date of sale), a decline in volume in Puerto Rico as a result of a 50% increase in a beer excise tax that took effect during the summer of 2002, and a negative sales mix in the United States where consumer preferences moved toward our lower revenue-per-barrel brands, geographies, and packages. Partially offsetting these declines in sales and volume was improved domestic pricing and reduced price promotions.

From a brand perspective, growth in domestic Coors Light and Keystone Light brands in 2002 versus 2001 were partially offset by declines in Zima, Killian's and exported Coors Light. Zima was impacted disproportionately by the influx of new flavored alcohol beverages (FABs) in the United States during much of 2002.

Cost of Goods Sold and Gross Profit Americas cost of goods sold increased approximately 0.9% per barrel in 2003 versus 2002. The overall increase in cost of goods sold per barrel in 2003 was the result of higher depreciation costs stemming from recent additions to fixed assets, higher pension and other labor-related costs, increased fuel costs, and the de-leveraging of fixed costs resulting from the decline in volume. Our higher pension costs were the result of the unfavorable impacts of lower returns on pension assets in recent years and lower discount rates. In addition to these more pervasive factors, we incurred approximately $8 million of increased costs in the fourth quarter of 2003, primarily related to extra freight, direct labor and finished goods loss associated with our new supply chain processes and systems implementation. These costs were in addition to the impacts from decreased volume. However, our controllable operations costs, which make up about 95% of our Americas cost of goods sold, declined slightly per barrel during the year as a result of operations efficiency initiatives and improved packaging costs.

Compared to 2002, our 2003 gross profit increased 1.8%, or 3.2% on a per-barrel basis. As a percentage of net sales, gross profit increased by nearly 1%. Increases were driven primarily by price increases and improved operations efficiencies and lower packaging costs.

In 2002, we experienced a 3.3% decrease in cost of goods sold. On a per-barrel basis, the decline was 3.4%. As a percentage of net sales, cost of goods sold was approximately 61.7% in 2002 compared to 63.3% in 2001. These decreases are attributable primarily to the sale of company-owned distributorships in 2001, lower transportation and packaging costs and continued operations efficiency initiatives in our breweries. Offsetting these decreases were higher costs associated with adding capacity to our Golden and Memphis manufacturing facilities and bottle packaging capacity in Shenandoah, Virginia. We also incurred higher pension and other labor-related costs.

Our gross profit increased 3.3% in 2002 over 2001. As a percentage of net sales, gross profit increased nearly 2%. Increases were driven by the decline in cost of goods sold.

Marketing, General and Administrative Expenses Marketing, general and administrative expenses increased 2.3%, or 3.8% on a per barrel basis, in 2003 compared to 2002. This increase was driven by higher costs for employee benefits, primarily pension costs, and higher spending levels related to information technology. Selling and marketing expense was also slightly higher year-over-year.

In 2002, marketing, general and administrative expenses increased 2.3% over the previous year, driven by higher marketing expense as we invested more behind our brands in advertising and sales promotion, higher systems investments and labor-related costs. Partially offset by this increase in selling and marketing expense was a decline in general and administrative expense due to the sale of company-owned distributorships in 2001.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Europe Segment

The Europe segment consists of our production and sale of the CBL brands, principally in the United Kingdom but also in other parts of the world, our joint venture arrangement relating to the production and distribution of Grolsch in the United Kingdom and Republic of Ireland, and our joint venture arrangement for the physical distribution of products throughout Great Britain (Tradeteam). It also includes the sale of Coors Fine Light in the United Kingdom and Coors Light in the Republic of Ireland. Note that the CBL results for January 2002, typically a loss month, are excluded from the 2002 results discussed below.

(In thousands, except percentages, fiscal year ended)	Dec. 28, 2003	Percent change	Dec. 29, 2002[1]	Dec. 30, 2001[1]
Volume in barrels	10,361	13.2%	9,153	46
Net sales	$ 1,590,518	15.6%	$ 1,375,473	$ 7,180
Cost of goods sold	(1,112,533)	19.3%	(932,900)	(5,152)
Gross profit	477,985	8.0%	442,573	2,028
Marketing, general and administrative expenses	(361,553)	9.0%	(331,656)	(10,188)
Operating income (loss)	116,432	5.0%	110,917	(8,160)
Interest income	17,156	4.7%	16,390	–
Other income, net[2]	4,114	133.0%	1,766	–
Income (loss) before income taxes	$ 137,702	6.7%	$ 129,073	$ (8,160)

1 *Since we did not own CBL prior to February 2002, we do not report historical financial results for this business. Accordingly, the historical Europe segment results include only our pre-acquisition Europe operation, which generated very small volume and revenue. Our discussion on the comparative results of the Europe segment from 2001 to 2002 has been excluded, as comparative results are not meaningful.*

2 *2003 other income, net was composed primarily of Tradeteam income (included in cost of goods sold in 2002), offset by leasehold expenses and losses on asset sales. See Note 2, "Equity Method Investments" in the accompanying financial statements. In 2002, other income, net primarily related to income from a small investment in an internet marketing venture in the United Kingdom.*

N/M = Not meaningful

Foreign Currency Impact on 2003 Results In 2003, our Europe segment benefited from an 8.4% year-over-year increase in the value of the British pound sterling (GBP) against the US dollar. Partially as a result of this exchange rate fluctuation, all results from our Europe segment in 2003 are significantly higher than in the prior year. The following table summarizes the approximate effect this change in exchange rate had on the Europe results in 2003:

(In thousands)		Increase due to currency effects
Net sales	$US	$126,071
Cost of goods sold		(88,950)
Gross profit		37,121
Marketing, general and administrative		(29,115)
Operating income		8,006
Interest income		1,398
Other income, net		397
Income before income taxes		$ 9,801

Net Sales and Volume Net sales for the Europe segment increased 15.6% in 2003, while volume increased 13.2% from the previous year. The significant increase in net sales and volume was partly due to our owning the CBL business for the full year in 2003 versus forty-seven weeks in 2002. 9% of the sales increase represents the effect of currency exchange rates. On a full year comparative basis, our sales volumes increased 6.7%. This growth was driven by the Carling and Grolsch brands, both of which grew volume by more than 10% during the year.

Our on-trade business, which represents approximately two-thirds of our Europe volume and an even greater portion of margin, grew volume by approximately 5% compared to the full year 2002 as a result of strong sales execution, particularly with Carling and Carling Extra Cold, and unusually hot weather in the United Kingdom this summer. In a declining on-trade market, this yielded a market share gain of approximately 1.5 percentage points. Our off-trade volume for 2003 increased approximately 13% over the comparable period in 2002, led by Carling and Grolsch. Contributing factors to this volume growth were the favorable summer weather and aggressive discounting, primarily in the first half of the year. Our off-trade market share growth for the year was approximately 1%.

Our positive volume in both the on- and off-trade and positive pricing in the on-trade were partially offset by a decline in our on-trade factored brand sales and, in the off-trade, heavy price discounting and mix shift toward lower revenue-per-barrel sales. The decline in sales of factored brands in the on-trade was driven by some of our large on-trade chain customers changing to purchase non-Coors products directly from the brand owners.

Cost of Goods Sold and Gross Profit Cost of goods sold increased 19.3% in 2003 versus 2002. On a per-barrel basis, cost of goods sold increased 5.4%. The aggregate increase in cost of goods sold was driven by increased volume and higher foreign exchange rates, coupled with our owning the business for the full year versus only a partial period in 2002. Also driving this increase, and the increase in the per barrel cost, was the reclassification of Tradeteam earnings from cost of goods sold to other income beginning in 2003 and the loss of income from contract brewing arrangements that substantially ceased near the end of 2002. Additionally, during the first three quarters of 2003, we incurred higher production costs as we contracted with regional brewers to package some of our off-trade volume while we were commissioning the new and upgraded packing lines in our Burton brewery.

We were able to realize some benefit from right-sizing and improving our UK production infrastructure towards the latter half of the year, which partially offset the increases noted above. The increases in cost of goods sold were also reduced by the decrease in factored brand volume where the purchase cost is included in our cost of goods sold, but the related volume is not included in reported volumes.

Gross profit in the Europe segment increased 8.0%; however, excluding the impact of foreign exchange, gross profit was essentially flat despite the inclusion of a full year of sales in 2003. Gross profit per barrel decreased 4.6% and gross profit as a percentage of net sales decreased 2% during 2003 as a result of the reclassification of Tradeteam earnings and our contract packaging costs incurred as we commissioned the packaging lines in Burton.

Marketing, General and Administrative Expenses Europe marketing, general and administrative expenses increased 9.0% during 2003 almost entirely due to exchange rates and the impact of the full year of ownership. On a per-barrel basis, marketing, general and administrative expenses decreased 3.7% year-over-year. Various factors impacted marketing, general and administrative expense during 2003, which effectively off-set each other: (a) we had higher investments in sales staff and increased depreciation charges from investments in information systems and dispense equipment, the latter supporting the sales growth in the on-trade; (b) we were impacted by the loss of reimbursements from the transitional services arrangements with Interbrew S.A. that were set up following the CBL acquisition in February 2002 and largely concluded by the end of that year. These reimbursements were recorded as a reduction to marketing, general and administrative expenses in 2002; (c) we realized savings in employee bonus costs and directors' costs; and (d) the one-time gain of $3.5 million before tax on the sale of the rights to our Hooper's Hooch FAB brand in Russia during the third quarter.

Interest Income Interest income is earned on trade loans to UK on-trade customers. Interest income increased 4.7% in 2003 as a result of favorable foreign exchange rates, the inclusion of an additional five weeks of results in 2003, and a lower debt balance in 2003.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Corporate

Corporate currently includes interest expense and certain other general and administrative costs that are not allocable to either the Americas or Europe operating segments. Corporate contains no sales or cost of goods sold. In 2003, we changed our allocation methodology between the Americas and Europe segments for general and administrative expenses, leaving certain of these costs in Corporate. The 2002 and 2001 amounts have been reclassified to conform to the new presentation. The majority of these corporate costs relates to worldwide finance and administrative functions, such as corporate affairs, legal, human resources, insurance and risk management.

(In thousands, except percentages, fiscal year ended)	Dec. 28, 2003	Percent change	Dec. 29, 2002	Percent change	Dec. 30, 2001
Net sales	–	–	–	–	–
Cost of goods sold	–	–	–	–	–
Gross profit	–	–	–	–	–
Marketing, general and administrative expenses	(26,784)	11.0 %	(24,130)	13.3 %	(21,304)
Special charges[1]	–	N/M	(2,642)	N/M	–
Operating loss	(26,784)	–	(26,772)	25.7 %	(21,304)
Interest income	2,089	(56.5)%	4,797	(70.8)%	16,409
Interest expense	(81,195)	14.5 %	(70,919)	N/M	(2,006)
Other income, net[2]	798	(43.7)%	1,417	(53.1)%	3,019
Loss before income taxes	$(105,092)	14.9 %	$(91,477)	N/M	$ (3,882)

1 *Relate primarily to acquisition costs for CBL, including accounting, appraisal and legal fees not eligible for capitalization.*
2 *Consists of foreign currency exchange gains (losses), bank fees and gains on sales of investments.*
N/M = Not meaningful

Marketing, General and Administrative Expenses Marketing, general and administrative expenses for Corporate increased 11.0% in 2003 compared to 2002 due to increased pension and benefit costs and management of a larger global business. 2002 marketing, general and administrative expenses increased significantly from 2001 for the same reasons.

Interest Income Interest income for 2003 decreased $2.7 million because of lower interest rates and lower cash balances in 2003 over 2002. Interest income decreased $11.6 million from 2001 to 2002 due to higher cash and interest-bearing securities balances in 2001. We sold all of our interest-bearing securities in January 2002 to help fund the acquisition of CBL.

Interest Expense Interest expense increased $10.3 million in 2003. This increase was driven by having our fixed-rate debt structure in place for the full year in 2003 versus only eight months in 2002 and the currency appreciation on our GBP-denominated term debt prior to its payoff in August 2003. Prior to finalizing the long-term structure in second quarter of 2002, we had exclusively short-term borrowings at lower interest rates that supported our acquisition of CBL in February 2002. The increase is also due to our cross-currency swap structure and our GBP-denominated interest expense. Partially offsetting these factors was the implementation of our lower interest rate commercial paper program in June 2003, the initial proceeds of which we used to pay down approximately $300 million of higher-rate GBP-denominated term debt. Our new debt structure has lower interest costs on outstanding balances.

2002 interest expense increased $68.9 million versus 2001 due to the significant increase in debt incurred to purchase CBL early that year.

Liquidity and Capital Resources

Liquidity Our primary sources of liquidity are cash provided by operating activities and external borrowings. As of December 28, 2003, including cash and short-term borrowings, we had negative working capital of $54.9 million compared to negative working capital of $94.0 million at December 29, 2002. We are able to operate with a negative working capital investment because of relatively short terms on receivables in our Americas segment and our ability to carry low levels of finished goods inventories as a result of the structure of our distribution system. These factors are offset by higher investments in working capital in Europe, primarily with regard to accounts receivable. The increase in our working capital is the net result of changes in our short-term borrowings, accrued expenses and other liabilities, accounts and notes receivable and raw materials. At December 28, 2003, cash and short-term marketable securities totaled $19.4 million, compared to $59.2 million at December 29, 2002. Our cash and short-term marketable securities balances decreased primarily due to early payments of principal and interest on our long-term debt made late in our fiscal year 2003.

We believe that cash flows from operations and cash provided by short-term borrowings, when necessary, will be quite sufficient to meet our ongoing operating requirements, scheduled principal and interest payments on debt, dividend payments and anticipated capital expenditures. However, our liquidity could be impacted significantly by a decrease in demand for our products, which could arise from competitive circumstances, a decline in the acceptability of alcohol beverages, any shift away from light beers and any of the other factors we describe in the section titled "Risk Factors." We continue to evaluate opportunities to supplement our operating cash flow through potential monetizations of assets. Success in accomplishing these efforts will result in faster reduction of outstanding debt. We also have credit facilities that contain financial and operating covenants, and provide for scheduled repayments, that could impact our liquidity on an ongoing basis. During the fiscal year ended December 28, 2003, we made debt repayments of approximately $272.0 million.

Operating Activities Net cash provided by operating activities increased $285.6 million in 2003, compared to 2002. The increase was attributable primarily to cash provided by trade receivables and payables in 2003 – the result of continued emphasis on working capital management by improving receivable collection in the United Kingdom and managing the purchasing cycle throughout the company.

Net cash provided by operating activities increased $65.1 million in 2002, compared to 2001. The change was attributable primarily to the acquisition of CBL, which added to our depreciation and amortization and modified the composition of our working capital in 2002.

Investing Activities During the fiscal year ended December 28, 2003, we used net cash of $229.9 million in investing activities compared to $1.6 billion used in 2002. The decrease in net cash used is due to the $1.6 billion payment, net of cash acquired, made to purchase CBL in 2002. However, excluding our 2002 $1.6 billion payment to acquire CBL, total cash used in investing activities increased approximately $232.9 million compared to the same period last year, mainly due to the absence of sales and maturities of investments in 2003 versus 2002. A significant amount of investments was sold in 2002 to help fund the acquisition of CBL.

Net cash used in investing activities increased $1.4 billion from 2001 to 2002. The increase was due to the cash used in the acquisition of CBL. Also, in 2001, we made a payment of $65.0 million for our 49.9% interest in Molson USA. However, excluding these payments, total cash provided by investing activities increased approximately $134.7 million year-over-year mostly due to a substantial decrease in purchases of securities. As a result of our debt burden associated with the CBL acquisition, we did not purchase any marketable securities in 2002 compared to purchases of $228.2 million during 2001.

Financing Activities Net cash used in financing activities was $357.4 million in 2003, representing a $1.6 billion decrease from cash provided by financing activities in 2002. This decrease is primarily attributable to the $2.4 billion proceeds from issuance of debt in 2002, partially offset by larger payments on debt and capital lease obligations in 2002. Debt-related activity in 2003 reflected net payments of long- and short-term debt totaling $297.1 million whereas in 2002, debt-related activity reflected a net increase in long- and short-term debt of $1.3 billion, due primarily to borrowings related to our acquisition of CBL. Repayments of long-term debt during 2003 totaled $272.0 million; the remaining change in financing activities relates to temporary changes in short-term borrowings.

In 2002, net cash provided by financing activities increased $1.3 billion from the previous year as a result of debt proceeds and payments associated with our acquisition of CBL. Excluding these items, change in financing activities was driven by changes in overdraft balances and the absence of treasury stock purchases in 2002 versus purchases of $72.3 million in 2001.

Debt Structure Our total borrowings as of December 28, 2003, were composed of the following:

(In thousands, as of)	Dec. 28, 2003	Dec. 29, 2002
Short-term borrowings	$ 21,309	$ 101,654
Senior private placement notes	20,000	20,000
6⅜% Senior notes due 2012	854,043	855,289
Senior Credit Facility		
USD amortizing term loan	86,000	168,000
GBP amortizing term loan	–	365,689
Commercial paper	249,645	–
Other	20,006	16,809
Total long-term debt (including current portion)	1,229,694	1,425,787
Less current portion of long-term debt	(69,856)	(42,395)
Total long-term debt	$1,159,838	$1,383,392

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

(In thousands)	Amount
2004	$ 69,856
2005	24,951
2006	80,133
2007	199,338
2008	–
Thereafter	855,416
Total	$1,229,694

We incurred significant debt in 2002 to finance the purchase of CBL. Since the acquisition, we have used cash from operating activities and from asset monetizations, net of capital expenditures and other cash used in investing activities, to make payments on our debt obligations.

In June 2003, we issued approximately $300 million of commercial paper, approximately $250 million of which was outstanding at December 28, 2003. $200 million of our commercial paper balance is classified as long-term, reflecting our intent to keep this amount outstanding for longer than 360 days and our ability to refinance these borrowings on a long-term basis through our revolving line of credit. The remaining $50 million is classified as short term, as our intent is to repay that portion in the next twelve months.

Concurrent with our issuance of commercial paper, we made a payment against the then-outstanding principal and interest on our GBP-denominated amortizing term loan of approximately 181.1 million GBP ($300.3 million at then-prevailing foreign currency exchange rates) using proceeds from our issuance of commercial paper. We repaid the balance of our GBP term loan in the third quarter of 2003 using cash generated from operations. We also repaid $55 million of our US dollar (USD)-denominated term loan in the fourth quarter. In conjunction with these payments, we accelerated our amortization of loan fees, resulting in a charge of $3.7 million to interest expense during the year. See the accompanying financial statements for further information.

In May 2003, we increased our unsecured committed credit arrangement from $300 million to $500 million in order to support our commercial paper program. As of December 28, 2003, $250 million of the total $500 million line of credit was being used as a backstop for our commercial paper program while the remainder was available for general corporate purposes.

At December 28, 2003, CBC had two USD-denominated uncommitted lines of credit totaling $50.0 million in aggregate. The lines of credit are with two different lenders. We had $7.0 million outstanding under these lines of credit as of December 28, 2003. CBL had two 10 million GBP uncommitted lines of credit and a 10 million GBP overdraft facility. No amount had been drawn on the overdraft facility as of December 28, 2003. The lines of credit had balances totaling $11.9 million at December 28, 2003.

In addition, we have two uncommitted lines of credit totaling 900 million Japanese yen, or approximately $8.4 million, at December 28, 2003. At that date, interest rates were below 1% and amounts outstanding totaled $2.4 million.

Some of our debt instruments require us to meet certain covenant restrictions, including financial tests and other limitations. As of December 28, 2003, we were in compliance with all of these covenants.

Contractual Obligations and Commercial Commitments

Contractual Cash Obligations as of December 28, 2003

	Payments due by period				
(In thousands)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	$1,229,694	$ 69,856	$ 105,084	$ 199,338	$ 855,416
Operating leases	105,749	21,898	36,534	18,671	28,646
Retirement plan expenditures[1]	172,059	78,305	19,874	21,167	52,713
Other long-term obligations[2]	6,606,199	1,139,062	1,718,270	1,344,728	2,404,139
Total obligations	$8,113,701	$1,309,121	$1,879,762	$1,583,904	$3,340,914

1 *Represents expected contributions under our defined benefit pension plans and our benefits payments under retiree medical plans.*

2 *Approximately $4.3 billion of the total other long-term obligations relate to long-term supply contracts with our joint ventures and unaffiliated third parties to purchase material used in packaging, such as cans and bottles. Approximately $1.2 billion relates to commitments associated with our logistics provider in the UK. The remaining amounts relate to sales and marketing, information technology services, open purchase orders and other commitments. On July 29, 2003, we signed a new agreement, effective August 1, 2003, with Owens - Brockway relating to the operation of our joint venture and the production of glass bottles, as well as the supply of glass bottles for our non-Golden commercial business. The new agreement has a term of 12 years, and is reflected in the table above, whereas the previous agreement extended to 2005. In December 2003, we signed a new agreement with Electronic Data Systems (EDS), an information service provider, effective January 1, 2004. The new EDS contract includes services to our Americas and Europe operations and our corporate offices and will expire in 2010. Included in Other long-term obligations is the effect of our most recent completed contract with Graphic Packaging Corporation (GPC), dated March 25, 2003.*

Other commercial commitments:

	Amount of commitment expiration per period				
(In thousands)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Standby letters of credit	$ 9,054	$ 9,054	$ –	$ –	$ –
Guarantees[1]	$ 2,324	$ 2,324	$ –	$ –	$ –
Total commercial commitments	$11,378	$11,378	$ –	$ –	$ –

1 *Guarantees consist of guaranteed portions of short-term debt also included in "Long-term debt" above.*

Advertising and Promotions As of December 28, 2003, our aggregate commitments for advertising and promotions, including marketing at sports arenas, stadiums and other venues and events, total approximately $250 million over the next five years.

Capital Expenditures In 2003, we spent approximately $240 million on capital improvement projects worldwide. Of this, approximately 62% was in support of the Europe business and the remainder was for the Americas. We currently plan capital expenditures in the same range, or slightly lower, for 2004.

Pension Plans Although pension investment returns were strong in 2003, the impact of the three previous years' returns and a continued decline in interest rates resulted in a slightly lower consolidated funded position at year-end 2003 compared to year-end 2002. At year-end 2003, the accumulated pension benefit obligations exceeded the fair value of the plan assets on a consolidated US dollar basis by approximately $411 million, compared to $394 million at the end of 2002. Accordingly, we have taken a charge to equity of $15.0 million, net of tax. See Note 12, "Other Comprehensive Income (Loss)" in the accompanying financial statements. At year-end 2003, the projected benefit obligations were $2,624.9 million and the accumulated benefit obligations were $2,412.5 million.

The amounts reflected in the Consolidated Balance Sheets for accrued pension liability, accumulated other comprehensive loss, prepaid benefit cost and intangible asset in 2003 are $452.3 million, $385.6 million ($236.0 million, net of tax), $41.5 million and $40.8 million, respectively. In 2003, an additional minimum pension liability of $9.7 million was recorded and is included in the accrued pension liability amount. It is our practice to fund amounts for pensions at least sufficient to meet the minimum requirements set forth in applicable employee benefits laws and local tax laws. For further information regarding pension plan assets, refer to Note 7, "Employee Retirement Plans," and Note 13, "Other Comprehensive Income," in the accompanying financial statements.

In 2003, our actuarially assumed long-term rates of return on plan asset investments were 9% for the US Retirement Plan and 7.5% for the UK Plan. In selecting those assumptions, we considered investment returns by asset class as represented by our independent pension investment consultants, and applied the relevant asset allocation percentages. The discount rates of 6.25% and 5.63% were based on prevailing yields of high-quality corporate fixed income investments in the United States and the United Kingdom, respectively.

In 2003, consolidated pension expense was $38.7 million, which represented approximately 1% of consolidated cost of goods sold and other operating expenses. Pension contributions on a consolidated basis were $51.0 million during 2003. On a consolidated basis we anticipate making voluntary pension contributions of approximately $69 million in 2004.

On a consolidated basis, we had unrecognized net actuarial losses of $598.0 million and $547.0 million at December 28, 2003 and December 29, 2002, respectively. Actuarial losses are primarily comprised of cumulative investment returns that are lower than actuarially assumed investment returns and liability losses due to increased pension liabilities and falling interest rates. Pension expense includes amortization of these actuarial losses after they exceed certain thresholds. As a result of losses in excess of the thresholds, we recorded actuarial loss amortization of $9.1 million in 2003 and $1.0 million in 2002. It is expected that actuarial loss amortization in 2004 will increase to approximately $14 million. We anticipate consolidated pension expense will increase from the $38.7 million in 2003 to approximately $49 million in 2004. The expected increase in consolidated pension cost is primarily due to the combined impacts of higher actuarial loss amortization and foreign exchange.

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

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. From time to time, we may also provide oral or written forward-looking statements in other materials we release to the public. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by forward-looking words such as "expect," "anticipate," "plan," "believe," "seek," "estimate," "outlook," "trends," "future benefits," "strategies," "goals" and similar words. Statements that we make in this report that are not statements of historical fact may also be forward-looking statements.

In particular, statements that we make under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Outlook for 2004" including, but not limited to, statements relating to our overall volume trends, consumer preferences, pricing trends and industry forces, cost reduction strategies and anticipated results, our expectations for funding our 2004 capital expenditures and operations, debt service capabilities, shipment levels and profitability, increased market share and the sufficiency of capital to meet working capital, capital expenditures requirements and our strategies, are forward-looking statements.

Forward-looking statements are not guarantees of our future performance and involve risks, uncertainties and assumptions that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. In particular, our future results could be affected by the substantial amount of indebtedness remaining from financing the acquisition of the CBL business in the United Kingdom, which could, among other things, hinder our ability to adjust rapidly to changing market conditions, make us more vulnerable in the event of a downturn and place us at a competitive disadvantage relative to less leveraged competitors. You should not place undue reliance on forward-looking statements. We do not promise to notify you if we learn that our assumptions or projections are wrong for any reason. We do not undertake to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You should be aware that the factors we discuss in "Risk Factors" and elsewhere in this report could cause our actual results to differ from any forward-looking statements.

Outlook for 2004 – Americas Segment

Net Sales and Volume Going into 2004, we expect the US pricing environment to remain positive and anticipate continued good performance in Canada. Nonetheless, an increase in price discounting or a decline in volume could have an unfavorable impact on sales and margins. Further, sales and margins could be impacted adversely if the negative mix shift that we experienced in 2003 continues into 2004.

We believe that the March launch of our own low-carbohydrate beer, Aspen Edge, will make us more competitive and contribute to improved volume treads in 2004. Also in response to the low-carbohydrate interest, we began running new consumer education advertising for our Coors Light brand, indicating that Coors Light is nearly as low in carbohydrates as our competitions' brands with low-carbohydrate positioning. While the disruptions caused by the implementation of our new supply chain systems during the fourth quarter were frustrating both to us and to our distributors and caused us to lose volume, we were able to work through most of our product supply issues and rebuild overall distributor inventories by the middle of the first quarter of 2004. During December, sales-to-retail trends were soft and resulted in distributor inventories ending 2003 approximately 100,000 barrels higher than normal seasonal levels. This will impact 2004 volume trends, as distributors work down their inventories to normal seasonal levels during peak season. Finally, going into 2004, we continue to focus on regaining volume momentum, improving shipment performance, rebuilding the reliability and efficiency of our supply chain and gearing up for the peak summer selling season.

Cost of Goods Sold In 2004, we believe the following factors are most important to our cost of goods sold per barrel expectations:

- First, input costs will increase in 2004, as we expect modestly higher packaging material expenses due to higher aluminum prices and energy-related costs. Fuel costs and new transportation carrier regulations are likely to have an unfavorable impact on logistics costs.
- Second, labor-related costs are expected to increase in 2004, primarily due to higher pension and healthcare costs.
- Third, we remain confident that our continued focus on operating efficiency within our entire supply chain will help us achieve our long-term goal of reducing controllable production costs by $4 – 5 per barrel over the next 4 – 5 years. However, our ability to realize these savings is partially dependent on our ability to leverage fixed costs, and a significant change in our volume assumptions could impact our ability to reach this goal. While supply chain performance is better than it was in the fourth quarter of 2003, and while we have numerous initiatives underway to improve the effectiveness and efficiency of our supply chain, we still need more progress to have success in the coming peak season.
- Finally, our 2003 cost per barrel results were adversely impacted by additional costs related to the implementation of our new supply chain systems.

Marketing, General and Administrative Expenses Marketing and sales spending in the Americas in 2004 is expected to increase at a proportionately higher rate than the past few years as we plan to invest behind our Aspen Edge launch and incrementally behind our Coors Light marketing and sales efforts. Consistent with our philosophy and past practice, we will evaluate our brand and sales investment levels during the year and adjust as needed. General and administrative expense will be higher in 2004 primarily due to higher labor costs, including higher pension and healthcare expense, and increased spending on information systems.

Outlook for 2004 – Europe Segment

Net Sales and Volume In Europe, we anticipate that our on-trade channel business will continue to grow both volume and share in 2004, but at a slower pace than in 2003, when volume trends benefited from the rollout of Carling Extra Cold and hot summer weather. In the off-trade channel, volume and market-share trends are likely to slow substantially in the first three quarters of 2004 as we lap aggressive off-trade discounting activity and the unusually warm summer of 2003. Nonetheless, we are optimistic that the impact of lower volume will be more than offset by the related improvement in margins, as it was in the fourth quarter of 2003, when we achieved better balance between growth and margins.

Management's Discussion and Analysis of Financial Condition and Results of Operations

We anticipate that volumes in the second quarter will benefit from the Euro 2004 football (soccer) tournament. In contrast, the third quarter could face particularly challenging volume comparisons due to the beneficial impact of the hot weather in 2003.

We also anticipate that shifts in our factored brand sales (beverage brands owned by other companies but delivered to retail by us) will continue to have an adverse financial impact, however this will be at a lower rate than in 2003.

Cost of Goods Sold Regarding costs, apart from a minor impact in the first quarter of 2004, we will no longer be lapping the income from contract brewing and transitional service arrangements, which ended early in 2003. As a result, the benefit of right-sizing and improving our UK infrastructure and supply chain will flow into our cost structure, but we anticipate that there will be significant offsets from inflation and negative channel and package mix. With slower off-trade volume growth and our new Burton packaging lines operating better, we anticipate a much lower need for high-priced contract packaging services from other brewers in 2004 than in 2003.

Marketing, General and Administrative Marketing, general and administrative spending is likely to increase in local currency in 2004 as we roll out the Coors Fine Light brand in the United Kingdom and incur increased labor costs and depreciation on dispense equipment, which stems from the strong on-trade growth we achieved in 2003. Increases are also expected from the recently signed contract with EDS, which is extended to CBL for the first time in 2004.

Other Income Comparisons of other income between the third quarter of 2004 with the third quarter of 2003 may be difficult due to the $3.5 million gain on the sale of the rights to our Hooper's Hooch brand in Russia during 2003.

Interest

Consolidated 2004 interest income is expected to be fairly consistent with 2003, and will consist primarily of UK trade-loan interest income.

We expect interest expense to be approximately $8 – 10 million lower than 2003 due partially to debt repayments we made during 2003 on our higher interest rate debt. Additionally, we expect to benefit from our lower-interest rate commercial paper program that we implemented in 2003, the proceeds of which were used to pay down higher interest rate debt.

Taxes

We expect that our 2004 effective tax rate will be in the range of 32% to 35% absent any unusual items, up from 31.2% in 2003. The comparison will be particularly challenging against the second quarter of 2003, when our effective tax rate was 25.8% because of the completion of five years of tax audits. Our acquisition structure for the UK business is generally beneficial from a tax perspective but adds considerable volatility to our tax rate.

Capital Expenditures

Our capital expenditures (excluding capital improvements for our container joint ventures, which we tentatively plan to consolidate in 2004) are planned to be in the range of $225 million and $235 million in 2004, down from $240 million in 2003. The actual amount will depend on foreign exchange rates and our evaluation of a few potential projects now under review.

Critical Accounting Estimates

Management's discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. We review our accounting policies on an on-going basis. The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions we believe to be reasonable under the circumstances. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results may differ materially from these estimates under different assumptions or conditions. We have identified the accounting estimates below as critical to our financial condition and results of operations.

Allowance for Doubtful Accounts In the Americas segment, our allowance for doubtful accounts and credit risk is insignificant as the majority of the Americas accounts receivable balance is generated from sales to independent distributors with whom we have a predetermined collection date arranged through electronic funds transfer. Also, in the Americas, we secure substantially all of our credit risk with purchase money security interests in inventory and proceeds, personal guarantees and other letters of credit.

Because the majority of CBL sales are directly to retail customers and, because of the industry practice of making trade loans to customers, our ability to manage credit risk in this business is critical. At CBL, we provide allowances for trade receivables and trade loans associated with the ability to collect outstanding receivables from our customers. Generally, provisions are recorded to cover the full exposure to a specific customer (total amount of all trade accounts and loans from a specific customer less the amount of security and insurance coverage) at the point the account is considered uncollectible. We record the provision as a bad debt in general and administrative expenses. Provisions are reversed upon recoverability of the account or relieved at the point an account is written off.

We are not able to predict changes in financial condition of our customers and, if circumstances related to our customers deteriorate, our estimates of the recoverability of our trade receivables could be materially affected, and we may be required to record additional allowances.

Pension and Postretirement Benefits We have defined benefit plans that cover the majority of our employees. As a result of the acquisition of CBL, we have assumed responsibility for a portion of the assets and liabilities of what was the Bass Brewers Pension Plan, renamed the Coors Brewers Pension Plan. CBC also has postretirement welfare plans that provide medical benefits for retirees and eligible dependents and life insurance for certain retirees. The accounting for these plans is subject to the guidance provided in Statement of Financial Accounting Standards No. 87, *Employers Accounting for Pensions* (SFAS No. 87) and Statement of Financial Accounting Standards No. 106, *Employers' Accounting for Postretirement Benefits Other than Pensions* (SFAS No. 106). Both of these statements require that management make certain assumptions relating to the long-term rate of return on plan assets, discount rates used to measure future obligations and expenses, salary increases, inflation, health care cost trend rates and other assumptions. We believe that the accounting estimates related to our pension and postretirement plans is a critical accounting estimate because it is highly susceptible to change from period to period based on market conditions.

We performed an analysis of high yield bonds at the end of 2003 to support the discount rates used in determining our pension liabilities in the United States and in the United Kingdom for the year ended December 28, 2003. Discount rates and expected rates of return on plan assets are selected at the end of a given fiscal year and impact actual expense in the subsequent year. A fifty basis point change in certain assumptions would have the following effects:

	Impact to 2003 Pension costs – 50 basis points	
(In thousands)	Reduction (unfavorable)	Increase (favorable)
Pension sensitivity item		
Expected return on US plan assets, 9.0% in 2003	$ (2,692)	$2,692
Expected return on UK plan assets, 7.5% in 2003	(6,640)	6,640
Discount rate on US projected benefit obligation, 6.75% in 2003	(3,629)	3,629
Discount rate on UK projected benefit obligation, 5.7% in 2003	$(10,532)	$2,895

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

(In thousands)	One-percentage-point decrease	One-percentage-point increase
Effect on total of service and interest cost components	$ (309)	$ 327
Effect on postretirement benefit obligation	$(3,143)	$3,305

Both US and UK plan assets consist primarily of equity securities with smaller holdings of bonds and real estate. Equity assets are well diversified between US and other international investments, with additional diversification in the domestic category through allocations to large-cap, small-cap, and growth and value investments. Relative allocations reflect the demographics of the respective plan participants. For example, our UK participants are more heavily weighted toward pensioners than our US participants. Therefore, we have elected a smaller equity percentage in our UK plan. The following compares target asset allocation percentages as of February 27, 2004 with actual asset allocations at December 28, 2003:

	US Plan assets		UK Plan assets	
	Target allocations	Actual allocations	Target allocations	Actual allocations
Equities	80%	82%	65%	59%
Fixed income	11%	10%	28%	34%
Real estate	9%	8%	7%	6%
Other	–	–	–	1%

Contingencies, Environmental and Litigation Reserves
We estimate the range of liability related to environmental matters or other legal actions where the amount and range of loss can be estimated. We record our best estimate of a loss when the loss is considered probable. As additional information becomes available, we assess the potential liability related to our pending matter and revise our estimates. 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. We also expense legal costs as incurred. The most significant estimates that could impact our financial statements relate to the Lowry Superfund site. See Note 14, "Commitments and Contingencies," in the accompanying financial statements.

Goodwill and Other Intangible Asset Valuation We adopted the provisions of Statements of Financial Standards No. 141, *Business Combinations* (SFAS No. 141) on July 1, 2001, and No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142) on December 31, 2001. We evaluate the carrying value of our goodwill and other indefinite-lived intangible assets annually, and we evaluate our other intangible assets when there is evidence that certain events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Significant judgments and assumptions are required in the evaluation of intangible assets for impairment, most significantly the estimated future cash flows to be generated by these assets and the rate used to discount those cash flows. For our brewing business goodwill and intangibles we used a rate of 7.6% to discount our cash flows during our annual valuation in 2003, which is a rate we believe to be representative of the weighted average cost of capital for similar assets in 2003. We used a rate of 11% for our distribution rights associated with our distribution subsidiary. Changes in these estimates could have a material adverse effect on the assessment of our goodwill and other intangible assets, thereby requiring us to write down the assets. As an example, our valuation model for the goodwill associated with our Molson USA joint venture assumes certain volume growth and pricing assumptions that only small changes in which could result in significant impairment charges.

Derivatives We use derivatives in the normal course of business to manage our exposure to fluctuations in production and packaging material prices, interest rates and foreign currency exchange rates. By policy, we do not enter into such contracts for trading purposes or for the purpose of speculation. All derivatives held by us are designated as hedges with the expectation that they will be highly effective in offsetting underlying exposures. We account for our derivatives on the Consolidated Balance Sheet as assets or liabilities at fair value in accordance with Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133), which we early adopted on December 28, 1998. Such accounting is complex, as evidenced by significant interpretations of the primary accounting standard, which continues to evolve, as well as the significant judgments and estimates involved in the estimation of fair value in the absence of quoted market values. These estimates are based upon valuation methodologies deemed appropriate in the circumstances; however, the use of different assumptions could have a material effect on the estimated fair value amounts.

Income Taxes We account for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our global business, there are many transactions for which the ultimate tax outcome is uncertain. Additionally, our income tax provision is based on calculations and assumptions that are subject to examination by many different tax authorities. We adjust our income tax provision in the period it is probable that actual results will differ from our estimates. Tax law and rate changes are reflected in the income tax provision in the period in which such changes are enacted.

We record a net deferred tax asset or tax liability based on the unremitted earnings of our UK subsidiary that are not permanently reinvested in accordance with APB 23. In conjunction with this calculation, we estimate associated earnings and profit adjustments, potential foreign tax credits and cumulative translation adjustments relating to the foreign exchange rates.

We do not provide deferred taxes on certain outside basis difference in our acquired foreign subsidiary's stock, Coors Brewers Limited (CBL). This outside basis difference is permanent in duration under SFAS 109 because we do not intend to take any action that would result in recognizing the gain inherent in certain book-over-tax basis differences. As a result, differences between book and tax treatment of income statement items in our UK business are treated as permanent. This treatment increases the volatility of our effective tax rate.

We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. While we consider future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of its net recorded amount, an adjustment to the deferred tax asset would increase income in the period a determination was made. Likewise, should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made. Reductions to the valuation allowance related to the acquisition of CBL that relate to deferred taxes arising from that acquisition would reduce goodwill, unless the reduction was caused by a change in law, in which case the adjustment would impact earnings.

Equity Method Accounting We generally apply the equity method of accounting to 20% – 50% owned investments where we exercise significant influence. As described below, we have an equity ownership in, and conduct business with various joint ventures, which directly relate to our core activities. There are no related parties that own interests in our equity method investments. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" in the accompanying financial statements.

Coors Canada is a general partnership that was formed to market CBC products in Canada. We own a 50.1% interest in this non-consolidated joint venture that we account for using the equity method of accounting due to the effective control of the partnership being shared equally by the partners under the operating agreement. All manufacture, distribution and sale of CBC branded beers are contracted to Molson by the partnership. The partnership never takes title to the beer. It is paid an amount equal to the sales proceeds Molson receives from third-party customers, less the costs incurred by Molson for its manufacture, distribution and sale of the CBC branded products. We reflect this amount in net sales in our Consolidated Statements of Income.

Rocky Mountain Metal Container (RMMC) and Rocky Mountain Bottle Corporation (RMBC) are dedicated predominantly to our packaging and distribution activities and were formed with companies which have core competencies sought by us to reduce costs. The CBL joint venture with Grolsch was formed to provide a long-term relationship with that brand's owner in a key segment of the U.K. beer market. In 2003 and 2002, our share of the pre-tax joint venture profits for each of these investments was offset against cost of goods sold in our Consolidated Statements of Income.

In 2003, we included our entire share of CBL's Tradeteam joint venture results in the other income, net line of our Consolidated Statements of Income, given the immateriality of its results. In 2002, we included our share of Tradeteam results in cost of goods sold. This change in presentation was attributable to Tradeteam no longer being a captive provider of distribution and logistics services to CBL. In November 2002, Tradeteam entered into an agreement to provide distribution services to Interbrew U.K. Limited, another large brewer in the United Kingdom.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Other income, net line includes the equity method income for the Molson USA joint venture. This joint venture was formed to import, market, sell and distribute Molson products in the United States. We have recorded our share of the venture's results in the other income, net line in our Consolidated Statements of Income given the immateriality of its results.

A qualitative analysis of our results would be impacted if the results of these joint ventures were included in different lines of our Consolidated Statements of Income.

Recent Accounting Pronouncements

FASB Statement No. 132, Employers' Disclosures About Pensions and Other Postretirement Benefits (Revised 2003) This standard revision is effective immediately and is reflected in Note 7, "Employee Retirement Plans," and Note 8, "Postretirement Benefits" in the accompanying financial statements. While the standard does not change the accounting and measurement for pensions and other postretirement benefits, it does add new disclosures for the footnotes to the financial statements, including comparative information for prior periods presented. The disclosures are applicable to both pension and other postretirement plans. Key additional disclosures include:

- Plan assets by category.
- A narrative description of investment policies and strategies, including target allocation percentages.
- A narrative description of the basis used to determine the overall expected long-term rate-of-return-on-assets.
- Benefits expected to be paid in each of the next five years and the total for the five years thereafter.
- The employer's best estimate of the contributions expected to be made during the next fiscal year.
- Interim disclosures (in Form 10-Q) of net periodic benefit expense and significant revisions to employer contributions paid or expected to be paid.

FASB Interpretation No. 46R, Consolidation of Variable Interest Entities – An Interpretation of ARB51 The FASB finalized FIN 46R in December 2003. FIN 46R expands the scope of ARB51 and various EITFs and can require consolidation of legal structures, called "variable interest entities (VIEs)." We do have variable-interest entities that we have tentatively determined will qualify for consolidation. These include RMMC and RMBC. We plan to consolidate these VIEs in the first quarter of 2004. Although we believe our Grolsch and Coors Canada investments are VIEs, we are still evaluating whether we are the primary beneficiaries for these investments under FIN 46R. The most significant impacts to our financial statements will be to add the fixed assets of RMMC and RMBC totaling approximately $75 million, and RMMC debt of approximately $45 million to our balance sheet. The impact to our gross profit margin in the income statement is not expected to be significant.

SEC Staff Accounting Bulletin No. 104 (SAB 104), Revenue Recognition SAB 104 was released in December 2003. SAB 104 updates interpretative guidance in the codification of staff accounting bulletins to provide consistent accounting guidance on revenue recognition. We adopted SAB 104 in December 2003 with no impact to our financial statements or our financial reporting.

Related Party Transactions

Transactions with Management and Others From time-to-time, we employ members of the Coors family, which collectively owns 100% of the voting common stock of the company. Hiring and placement decisions are made based upon merit, and compensation packages offered are commensurate with policies in place for all employees of the company.

Certain Business Relationships We purchase a large portion of our paperboard packaging requirements from GPC, a related party. Various Coors family trusts collectively own all of our Class A voting common stock, approximately 30% of our Class B common stock, and approximately 30% of GPC's common stock.

Our purchases under the GPC packaging agreement in 2003 totaled $106.4 million. Related accounts payable balances included in Affiliates Accounts Payable on the Consolidated Balance Sheets were $5.0 million and $0.8 million at December 28, 2003 and December 29, 2002, respectively.

We are also a limited partner in a real estate development partnership in which a subsidiary of GPC is the general partner. The partnership owns, develops, operates and sells certain real estate previously owned directly by us. We received no distributions from this partnership in 2003.

Risk Factors

The reader should carefully consider the following factors and the other information contained within this document. The most important factors that could influence the achievement of our goals, and cause actual results to differ materially from those expressed in the forward-looking statements, include, but are not limited to, the following:

Government regulatory authorities specific to the alcohol beverage industry in the markets in which we operate may adopt regulations that could increase our costs or our liabilities or could limit our business activities. Our business is highly regulated by national and local government entities. These regulations govern many parts of our operations, including brewing, marketing and advertising, transportation, distributor relationships, sales and environmental issues. We do not know that we have been or will at all times be in compliance with all past, present or future regulatory requirements or that we will not incur material costs or liabilities in complying with regulatory requirements.

We have indebtedness that is substantial in relation to our stockholders' equity. As of December 28, 2003, we held approximately $1.2 billion in debt primarily related to our acquisition of CBL. As a result, a substantial portion of our cash flow from operations must be dedicated to the payment of principal and interest on our debt. If our financial and operating performance is insufficient to generate sufficient cash flow for all of our activities, we may be required to use a disproportionate amount of cash to satisfy our obligations.

We are subject to fluctuations in foreign exchange rates, most significantly the British pound and the Canadian dollar. With the acquisition of CBL in 2002, we significantly altered the impact of currency fluctuations on our results of operations and cash flows. 2003 results have benefited significantly from a strengthening of the British pound versus the US dollar, offset to a certain extent by cash flow hedges on a portion of our debt. We cannot predict future fluctuations in exchange rates. A future devaluation of the British pound versus the US dollar could negatively impact results.

Our primary production facilities in the Americas and in Europe are each located at a single site, so we could be more vulnerable than our competitors to transportation disruptions, fuel increases and natural disasters. Our primary Americas production facilities are located in Golden, Colorado, where we brew more than 90%, and package approximately 63%, of our products sold in the Americas business. Our primary production facility in Europe is located in Burton-on-Trent, England, where we brew and package approximately 70% of our products sold in the Europe business. While our business operations remain centralized, our competitors have multiple geographically dispersed breweries and packaging facilities. As a result, we must ship our products greater distances than some of our competitors, making us more vulnerable to fluctuations in costs such as fuel or packaging costs.

We rely on a small number of suppliers to obtain the packaging and raw materials we need to operate our business. We purchase most of our paperboard and label packaging for our US products from GPC. This packaging is unique to us and is not produced by any other supplier. Additionally, we are contractually obligated to purchase substantially all of our can and bottle needs in the United States from our container joint ventures or from our partners in those ventures, Ball Corporation (RMMC) and Owens-Brockway Glass Container, Inc. (RMBC). CBL has only a single source for its can supply (Ball). The inability of any of these suppliers to meet our production requirements without sufficient time to develop an alternative source could have a material adverse effect on our business. In regard to agricultural products, the supply and price of raw materials, including water, used to produce our products can be affected by a number of factors beyond our control, including frosts, droughts and other weather conditions, economic factors affecting growth decisions, various plant diseases and pests. To the extent that any of the foregoing affects the ingredients used to produce our products, our results of operations could be materially and adversely affected.

Any significant shift in consumer packaging preferences in the beer industry could disproportionately increase our costs and could limit our ability to meet consumer demand. Reconfiguring our packaging facilities to produce different types or amounts of packaging than we currently produce would likely increase our costs. In addition, we may not be able to complete any necessary changes quickly enough to keep pace with shifting consumer preferences. Our primary competitors are larger and may be better able to accommodate a packaging preference shift. If we are not able to respond quickly to a packaging preference shift, our sales and market share could decline.

Our success depends largely on the success of two primary products, one in the United States and one in the United Kingdom; the failure or weakening of either could materially adversely affect our financial results. Although we currently have 14 products in our US portfolio, Coors Light represented more than 70% of our Americas sales volume for 2003. In the United Kingdom, Carling lager is the best-selling brand in the United Kingdom and represented approximately 69% of CBL sales volume in 2003. Consequently, any material shift in consumer preferences away from Coors Light or Carling would have a disproportionately negative impact on our business.

If the contract we have with our current information technology service provider fails, we could experience significant disruption in our business. We rely exclusively on one information technology services provider for our network, help desk, hardware, and software configuration, both at CBC and CBL. If the service provider fails and we are unable to find a suitable replacement in a timely manner, we could be unable to properly administer our information technology systems.

We are significantly smaller than our two primary competitors in the Americas segment, and may consequently be more vulnerable to cost and price fluctuations. At retail, our brands compete on the basis of quality, taste, advertising, price, packaging innovation and retail execution by our distributors. Competition in our various markets could cause us to reduce prices, increase capital and other expenditures or lose market share, any of which could have a material adverse effect on our business and financial results. We compete primarily with AB and Miller, the top two brewers in the United States. Both of these competitors have substantially greater financial, marketing, production and distribution resources than CBC has. Furthermore, these competitors are not as concentrated geographically in their product sales as CBC is. Consequently, we are somewhat disadvantaged versus their greater economies of scale.

If the social acceptability of our products declines, or if litigation is directed at the alcohol beverage industry, our sales volumes could decrease and our business could be materially adversely affected. Coors and many other brewers and distilled spirits manufacturers have been sued in several courts regarding advertising practices and alleged underage consumption. Each suit seeks an injunction and unspecified money damages. See Note 14, "Commitments and Contingencies" in the Notes to Consolidated Financial Statements for further information about the cases. These cases are evidence of increased social and political attention directed to the alcohol beverage industry in recent years. If the social acceptability of beer were to decline significantly, or if our industry were to become involved in litigation similar to that of the tobacco industry, our business could be materially adversely affected.

We are highly dependent on independent distributors in the United States to sell our products, with no assurance that these distributors will effectively sell our products. We sell all of our products in the United States to distributors for resale to retail outlets. Some of our distributors are at a competitive disadvantage because they are significantly smaller than the largest distributors in their markets. Our distributors also sell products that compete with our products. We cannot control or provide any assurance that these distributors will not give our competitors' products higher priority, thereby reducing sales of our products. In addition, the regulatory environment of many states makes it very difficult to change distributors. Consequently, if we are not allowed or are unable to replace unproductive or inefficient distributors, our business, financial position, and results of operation may be adversely affected.

Benefits related to our redesigned supply chain processes and systems in the United may not be realized. During 2003, we implemented our redesigned supply chain processes and systems in the United States. We use this system to schedule production, track inventories and bill our customers. We may not achieve the benefits we expect from these re-engineered processes. We experienced difficulties with the implementation of the systems in the fall of 2003 and, as a result, we incurred about $8 million of increased costs, primarily related to extra freight, labor and finished goods loss. The supply disruptions also had a meaningful impact on our volume. We are still facing challenges, including stock-outs and low inventory levels of some of our products throughout our US business. We are working to improve our shipping performance, to rebuild the reliability and efficiency of our supply chain and to reduce stock-outs. If we are unable to correct the remaining issues in time for our peak selling season, it may materially adversely impact our business.

We cannot predict with certainty our eventual aggregate cost for our environmental and related matters in which we are currently involved. We are one of a number of entities named by the Environmental Protection Agency (EPA) as a potentially liable party (PRP) at the Lowry Superfund Site. As a PRP, we are obligated to pay a portion of future costs in excess of the original settlement amount. While we have estimated and accrued for expected costs, if actual incremental costs are higher than expected, we could have to accrue additional costs and make additional cash payments.

We are currently launching new products. If these products fail, it could have a significant effect on our operating results. In our Americas segment, we plan to launch Aspen Edge, a low carbohydrate beer, and Zima XXX, an extension of our Zima brand, in 2004. We recently launched Coors Fine Light in our Europe segment. If these brands do not launch successfully, it could result in a significant impact to our operating results.

Consolidation of pubs and growth in the size of pub chains in the United Kingdom could result in less ability to achieve pricing. The trend toward consolidation of pubs, away from independent pub and club operations, is continuing in the United Kingdom. These larger entities have stronger price negotiating power, which could impact CBL's ability to obtain favorable pricing in on-trade (due to spillover effect of reduced negotiating leverage) and could reduce our revenues and profit margins. In addition, these larger customers are beginning to purchase directly more of the products that, in the past, we have provided as part of our factored business. This consolidation could impact us negatively.

Due to a high concentration of unionized workers in the United Kingdom, we could be significantly affected by labor strikes, work stoppages or other employee-related issues. Approximately 31% of CBL's total workforce is represented by trade unions. Although we believe relations with our employees are good, more stringent labor laws in the United Kingdom expose us to a greater risk of loss should we experience labor disruptions.

We depend exclusively on one logistics provider in England, Wales and Scotland for distribution of our CBL products. We are involved in a joint venture with Exel Logistics called Tradeteam. Tradeteam handles all of the physical distribution for CBL in England, Wales and Scotland, except where a different distribution system is requested by a customer. If Tradeteam were unable to continue distribution of our product and we were unable to find a suitable replacement in a timely manner, we could experience significant disruptions in our business that could ultimately have a negative impact on our operations.

Quantitative and Qualitative Disclosures About Market Risk

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

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

Derivatives are either exchange-traded instruments, or over-the-counter agreements entered into with highly rated financial institutions. No losses on over-the-counter agreements due to counterparty credit issues are anticipated. All over-the-counter agreements are entered into with counterparties rated no lower than A (S&P) or A2 (Moody's). In some instances we and our counterparties have reciprocal collateralization agreements regarding fair value positions in excess of certain thresholds. These agreements call for the posting of collateral in the form of cash, treasury securities or letters of credit if a fair value loss position to us or our counterparties exceeds a certain amount. At December 28, 2003, no collateral was posted by us or our counterparties.

At December 28, 2003, we were a party to certain cross-currency swaps totaling 530 million GBP (approximately $774 million at then-prevailing foreign currency exchange rates). The swaps include an initial exchange of principal on the settlement date of our 6⅜% private placement and will require final principal exchange 10 years later. See Note 4, "Debt." The swaps also call for an exchange of fixed GBP interest payments for fixed US dollar interest receipts. At the initial principal exchange, we paid US dollars to a counterparty and received GBP. Upon final exchange, we will provide GBP to the counterparty and receive US dollars. The cross-currency swaps have been designated as cash flow hedges of the changes in value of the future GBP interest and principal receipts that results from changes in the US dollar to GBP exchange rates on an intercompany loan between CBL and us.

At December 28, 2003, we were a party to an interest rate swap agreement related to our 6⅜% fixed rate debt. The interest rate swap converted $76.2 million notional amount from fixed rates to floating rates and matures in 2012. We will receive fixed US dollar interest payments semi-annually at a rate of 6⅜% per annum and pay a rate to our counterparty based on a credit spread of 0.789% plus the three-month LIBOR rate, thereby exchanging a fixed interest obligation for a floating rate obligation. There was no exchange of principal at the inception of the swap. We designated the interest rate swap as a fair value hedge of the changes in the fair value of $76.2 million fixed-rate debt attributable to changes in the LIBOR swap rates.

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

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

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

The estimated maximum one-day loss in fair value on our cross-currency swaps, derived using the Value-at-Risk model, was $5.9 million and $8.6 million at December 28, 2003 and December 29, 2002, respectively. As we did not enter into the cross-currency swaps until the second quarter of 2002, there is no comparable one-day loss in fair value at December 30, 2001. Such a hypothetical loss in fair value is a combination of the foreign exchange and interest rate components of the cross-currency swap. Value changes due to the foreign exchange component would be offset completely by increases in the value of our inter-company loan, the underlying transaction being hedged. The hypothetical loss in fair value attributable to the interest rate component would be deferred until termination or maturity.

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

(In thousands)	Notional principal amounts (USD)	Changes in fair value positive (negative)	Maturity
December 28, 2003			
Foreign currency management			
Forwards	$ 44,048	$ (1,382)	01/04–12/05
Cross-currency swap	773,800	(138,684)	5/12
Commodity pricing management			
Swaps	92,468	9,638	02/04–02/06
Interest rate pricing management			
Interest rate swap	76,200	6,904	5/12
Total		$(123,524)	

(In thousands)	Notional principal amounts (USD)	Changes in fair value positive (negative)	Maturity
December 29, 2002			
Foreign currency management			
Forwards	$ 19,655	$ 106	01/03–12/03
Cross-currency swap	773,800	(43,621)	05/12
Commodity pricing management			
Swaps	112,573	(4,630)	03/03–09/04
Interest rate pricing management			
Interest rate swap	76,200	8,493	05/12
Total		$ (39,652)	

Maturities of derivative financial instruments held on December 28, 2003, are as follows:

(In thousands)	2004	2005	2006 and thereafter	Total
	$4,760	$3,106	$(131,390)	$(123,524)

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

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

(In millions, as of)	Dec. 28, 2003	Dec. 29, 2002
Estimated fair value volatility		
Foreign currency risk: forwards, swaps	$ (5.0)	$ (2.1)
Interest rate risk: debt, swaps	$(32.4)	$(42.1)
Commodity price risk: swaps	$(10.2)	$(10.8)

Management's Report to Shareholders

The preparation, integrity and objectivity of the financial statements and all other financial information included in this annual report are the responsibility of the management of Adolph Coors Company. The financial statements have been prepared in accordance with generally accepted accounting principles, applying estimates based on management's best judgment where necessary. Management believes that all material uncertainties have been appropriately accounted for and disclosed.

The established system of accounting procedures and related internal controls provide reasonable assurance that the assets are safeguarded against loss and that the policies and procedures are implemented by qualified personnel.

PricewaterhouseCoopers LLP, the Company's independent auditors, provide an objective, independent audit of the consolidated financial statements. Their accompanying report is based upon an examination conducted in accordance with generally accepted auditing standards, including tests of accounting procedures and records.

The Board of Directors, operating through its Audit Committee composed of independent, outside directors, monitors the Company's accounting control systems and reviews the results of the Company's auditing activities. The Audit Committee meets at least quarterly, either separately or jointly, with representatives of management, PricewaterhouseCoopers LLP, and internal auditors. To ensure complete independence, PricewaterhouseCoopers LLP and the Company's internal auditors have full and free access to the Audit Committee and may meet with or without the presence of management.

W. Leo Kiely III
Chief Executive Officer,
Adolph Coors Company
President and Chief Executive Officer,
Coors Brewing Company

Timothy V. Wolf

Timothy V. Wolf
Chief Financial Officer,
Adolph Coors Company
and Coors Brewing Company

Report of Independent Auditors

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and comprehensive income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Adolph Coors Company and its subsidiaries at December 28, 2003, and December 29, 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 28, 2003, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Denver, Colorado
March 11, 2004

Consolidated Statements of Income and Comprehensive Income

(In thousands, except per share data, fiscal year ended)	December 28, 2003	December 29, 2002	December 30, 2001
Sales – domestic and international (Note 2)	$ 5,387,220	$ 4,956,947	$ 2,842,752
Beer excise taxes	(1,387,107)	(1,180,625)	(413,290)
Net sales	4,000,113	3,776,322	2,429,462
Cost of goods sold (Note 2)	(2,586,783)	(2,414,530)	(1,537,623)
Gross profit	1,413,330	1,361,792	891,839
Other operating expenses			
Marketing, general and administrative	(1,105,959)	(1,057,240)	(717,060)
Special charges, net	–	(6,267)	(23,174)
Total other operating expenses	(1,105,959)	(1,063,507)	(740,234)
Operating income	307,371	298,285	151,605
Other (expense) income			
Gain on sales of distributorships	–	–	27,667
Interest income	19,245	21,187	16,409
Interest expense	(81,195)	(70,919)	(2,006)
Other income, net (Note 2)	8,397	8,047	4,338
Total other income (expense)	(53,553)	(41,685)	46,408
Income before income taxes	253,818	256,600	198,013
Income tax expense	(79,161)	(94,947)	(75,049)
Net income	174,657	161,653	122,964
Other comprehensive income, net of tax:			
Foreign currency translation adjustments	147,803	70,884	14
Unrealized gain (loss) on derivative instruments	282	15,358	(6,200)
Unrealized gain on available-for-sale securities	–	–	3,718
Minimum pension liability adjustment	(15,031)	(212,092)	(8,487)
Reclassification adjustments	4,235	4,993	(4,898)
Comprehensive income	$ 311,946	$ 40,796	$ 107,111
Net income per share – basic	$ 4.81	$ 4.47	$ 3.33
Net income per share – diluted	$ 4.77	$ 4.42	$ 3.31
Weighted average shares – basic	36,338	36,140	36,902
Weighted average shares – diluted	36,596	36,566	37,177

See notes to consolidated financial statements.

Consolidated Balance Sheets

(In thousands)	December 28, 2003	December 29, 2002
Assets		
Current assets		
Cash and cash equivalents	$ 19,440	$ 59,167
Accounts and notes receivable		
Trade, less allowance for doubtful accounts of $12,413 and $14,334, respectively	618,053	600,263
Affiliates	38,367	41,429
Other, less allowance for doubtful accounts of $4,641 and $6,693, respectively	94,652	63,734
Inventories		
Finished	91,214	86,372
In process	29,480	31,850
Raw materials	81,068	56,239
Packaging materials, less allowance for obsolete inventories of $1,879 and $2,069, respectively	7,723	10,210
Total inventories	209,485	184,671
Maintenance and operating supplies, less allowance for obsolete supplies of $12,939 and $12,032, respectively	28,512	30,488
Deferred tax asset	12,819	20,976
Other current assets, less allowance for advertising supplies of $1,093 and $923, respectively	57,520	53,168
Total current assets	1,078,848	1,053,896
Properties, net	1,450,785	1,380,239
Goodwill	796,420	727,069
Other intangibles, less accumulated amortization of $45,498 and $25,622, respectively	552,112	529,076
Investments in joint ventures, less accumulated amortization of $15,252 and $7,816, respectively (Note 2)	193,582	191,184
Long-term deferred tax asset	204,804	206,400
Long-term notes receivable, less allowance for doubtful accounts of $12,548 and $17,794, respectively	108,280	109,082
Other non-current assets	101,395	100,465
Total assets	$4,486,226	$4,297,411

See notes to consolidated financial statements.

Consolidated Balance Sheets

(In thousands, except share information)	December 28, 2003	December 29, 2002
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable		
Trade	$ 359,402	$ 288,172
Affiliates	36,802	46,475
Accrued salaries and vacations	57,593	79,001
Taxes, other than income taxes	212,481	178,044
Accrued expenses and other liabilities	376,279	412,150
Short-term borrowings	21,309	101,654
Current portion of long-term debt	69,856	42,395
Total current liabilities	1,133,722	1,147,891
Long-term debt	1,159,838	1,383,392
Deferred tax liability	195,523	156,437
Deferred pension and postretirement benefits	530,126	511,869
Other long-term liabilities	199,641	115,971
Total liabilities	3,218,850	3,315,560
Commitments and contingencies (Note 14)		
Shareholders' equity		
Capital stock (Note 10)		
Preferred stock, non-voting, no par value (authorized: 25,000,000 shares; issued and outstanding: none)	–	–
Class A common stock, voting, $0.01 par value at December 28, 2003 and no par value at December 29, 2003 (authorized, issued and outstanding: 1,260,000 shares)	13	1,260
Class B common stock, non-voting, $0.01 par value at December 28, 2003 and no par value at December 29, 2003 (authorized: 200,000,000 shares; issued and outstanding: 35,153,707 and 35,080,603, respectively)	352	8,352
Total capital stock	365	9,612
Paid-in capital	32,049	19,731
Unvested restricted stock	(681)	(1,009)
Retained earnings	1,231,802	1,086,965
Accumulated other comprehensive income (loss)	3,841	(133,448)
Total shareholders' equity	1,267,376	981,851
Total liabilities and shareholders' equity	$4,486,226	$4,297,411

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(In thousands, fiscal year ended)	December 28, 2003	December 29, 2002	December 30, 2001
Cash flows from operating activities			
Net income	$ 174,657	$ 161,653	$ 122,964
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in net earnings of joint ventures	(65,542)	(54,958)	(43,630)
Distributions from joint ventures	70,900	66,616	39,453
Impairment charge and non-cash portion of special charges	–	–	6,591
Depreciation, depletion and amortization	236,821	227,132	121,091
Amortization of debt issuance costs and discounts	6,790	3,167	–
Gains on sales of securities	–	(4,003)	(4,042)
Gain on sale, net of loss on abandonment of properties and intangibles, net	(4,580)	(9,816)	(30,467)
Deferred income taxes	53,497	11,679	(19,176)
Gain/loss on FX fluctuations and derivative instruments	1,252	2,576	294
Tax benefit from equity compensation plans	412	3,410	4,366
Changes in current assets and liabilities (net of assets acquired and liabilities assumed in a business combination accounted for under the purchase method) and other			
Trade receivables	31,067	(254,425)	9,499
Trade payables	110,457	83,493	(27,544)
Inventory	(5,549)	39,210	(5,199)
Accrued expenses and other liabilities	(63,399)	(36,631)	28,863
Other	(2,645)	19,442	(9,667)
Net cash provided by operating activities	544,138	258,545	193,396
Cash flows from investing activities			
Purchases of investments	–	–	(228,237)
Sales and maturities of investments	–	232,758	268,093
Additions to properties	(240,355)	(239,547)	(243,003)
Additions to intangible assets	(103)	(7,295)	(1,545)
Proceeds from sales of properties and intangible assets	16,404	27,357	63,529
Acquisition of CBL, net of cash acquired	–	(1,587,300)	–
Investment in Molson USA, LLC	(5,240)	(2,750)	(65,000)
Other	(630)	(7,561)	9,414
Net cash used in investing activities	(229,924)	(1,584,338)	(196,749)
Cash flows from financing activities			
Issuances of stock under stock plans	2,491	15,645	10,701
Purchases of treasury stock	–	–	(72,345)
Dividends paid	(29,820)	(29,669)	(29,510)
Proceeds from issuance of debt	–	2,391,934	–
Net (payments) proceeds from short-term borrowings	(84,170)	331,333	–
Net proceeds on commercial paper	249,645	–	–
Payments on debt and capital lease obligations	(462,547)	(1,379,718)	–
Debt issuance costs	–	(10,074)	–
Change in overdraft balances	(32,992)	(27,783)	51,551
Other	–	–	759
Net cash (used in) provided by financing activities	(357,393)	1,291,668	(38,844)
Cash and cash equivalents			
Net decrease in cash and cash equivalents	(43,179)	(34,125)	(42,197)
Effect of exchange rate changes on cash and cash equivalents	3,452	16,159	(431)
Balance at beginning of year	59,167	77,133	119,761
Balance at end of year	**$ 19,440**	$ 59,167	$ 77,133

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(In thousands, except per share data)	Shares of common stock issued Class A	Shares of common stock issued Class B	Common stock issued Class A	Common stock issued Class B	Paid-in capital	Unvested restricted stock	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balances, December 31, 2000	1,260	35,871	$1,260	$8,541	$ 11,332	$ (129)	$ 908,123	$ 3,262	$ 932,389
Shares issued under stock plans, including related tax benefit		324		75	13,463	(651)	780		13,667
Amortization of restricted stock						183	(183)		
Purchases of stock		(1,506)		(357)	(24,795)		(47,193)		(72,345)
Other comprehensive income								(15,853)	(15,853)
Net income							122,964		122,964
Cash dividends – $0.72 per share							(29,510)		(29,510)
Balances, December 30, 2001	1,260	34,689	1,260	8,259	–	(597)	954,981	(12,591)	951,312
Shares issued under stock plans, including related tax benefit		392		93	19,731	(770)			19,054
Amortization of restricted stock						358			358
Other comprehensive income								(120,857)	(120,857)
Net income							161,653		161,653
Cash dividends – $0.80 per share							(29,669)		(29,669)
Balances, December 29, 2002	1,260	35,081	1,260	8,352	19,731	(1,009)	1,086,965	(133,448)	981,851
Reincorporation and par value change			(1,247)	(8,018)	9,265				–
Shares issued under stock plans, including related tax benefit		73		18	3,053	(164)			2,907
Amortization of restricted stock						492			492
Other comprehensive income								137,289	137,289
Net income							174,657		174,657
Cash dividends – $0.80 per share							(29,820)		(29,820)
Balances, December 28, 2003	**1,260**	**35,154**	**$ 13**	**$ 352**	**$ 32,049**	**$ (681)**	**$1,231,802**	**$ 3,841**	**$1,267,376**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation and Summary of Significant Accounting Policies

Fiscal Year Our fiscal year is a 52- or 53-week period ending on the last Sunday in December. Fiscal years ended December 28, 2003, December 29, 2002, and December 30, 2001, were all 52-week periods.

Principles of Consolidation Our consolidated financial statements include our accounts and our majority-owned and controlled domestic and foreign subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (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 are affected.

Reclassifications Certain reclassifications have been made to the 2002 and 2001 financial statements to conform to the 2003 presentation.

Revenue Recognition Revenue is recognized in the Americas segment when product is shipped and the risk of loss transfers to our unrelated customers, which are principally independent distributors or wholesalers in the United States. Revenue is recognized in the Europe segment when product is received by our customers, who are principally independent retailers in the United Kingdom. In the United Kingdom, excise taxes are included in the purchase price from the vendor on beverages purchased from third parties for resale (factored brands business) and are included in our cost of goods sold when ultimately sold. We pass those costs onto our customers and include the related amounts in our net sales. The cost of various programs, such as price promotions, rebates and coupon programs are treated as a reduction of sales. Sales of products are for cash or otherwise agreed upon credit terms.

Outside of unusual circumstances, if product is returned, it is generally for failure to meet our quality standards, not caused by customer actions. Products that do not meet our high quality standards are returned and destroyed. We do not have standard terms that permit return of product. We estimate the costs for product returns and record those costs in cost of goods sold in the Consolidated Statements of Income each period. We reduce revenue at the value of the original sales price in the period that the product is returned.

Cost of Goods Sold Our cost of goods sold includes beer raw materials, packaging materials (including promotional packaging), manufacturing costs, plant administrative support and overheads, and freight and warehouse costs (including distribution network costs). Distribution network costs include inbound and outbound freight charges, purchasing and receiving costs, inspection costs, warehousing and internal transfer costs.

Equity Method Accounting We generally apply the equity method of accounting to 20% – 50% owned investments where we exercise significant influence. These investments primarily involve equity ownership in captive suppliers of goods and services for our business. These investments involve operations that manufacture bottles and cans for our Americas business and transportation services in Europe. They also include ventures that manufacture, distribute and sell Coors Light in Canada, Molson branded beers in the United States and Grolsch in the United Kingdom.

We own a 50.1% interest in a non-consolidated joint venture (Coors Canada) that we account for using the equity method of accounting due to the effective control of the partnership being shared equally by the partners under the operating agreement.

There are no related parties that own interests in our equity method investments.

Cost Method Investment In 1991, we became a limited partner in the Colorado Baseball Partnership 1993, Ltd. (Baseball Partnership) for an investment of $10.0 million. This commitment was finalized upon the awarding of a National League Baseball franchise to Colorado in 1991.

The initial investment as a limited partner has been paid, and gave us a 17.1% interest in the partnership. We apply the cost method of accounting to less than 20% owned investments where we do not exercise significant influence. Our use of the cost method is in accordance with the provisions of Emerging Issues Task Force Topic D-46 (EITF D-46), *Accounting for Limited Partnership Investments,* as we entered into the limited partnership agreement in 1991 prior to the effective date for the implementation of EITF D-46, which was to be applied to all limited partnership investments made after May 18, 1995. As a limited partner, we take no part in control, management, direction or operation of the affairs of the Baseball Partnership and have no power to bind the Baseball Partnership. Profit and loss from operations of the Baseball Partnership are allocated among the partners in accordance with their ownership ratios. We did not receive any cash distributions or income in 2003, 2002 or 2001. We believe that the carrying amount of our investment in the Baseball Partnership is not in excess of fair value.

In July 2003, Coors signed a $2.1 million promissory note with the Colorado Rockies Baseball Club. Each partner's loan amount was based on their ownership percentage. Ownership percentages in the partnership did not change. The note is due in 20 years and interest will be paid at 5% annually. The principal amount is recorded in Other non-current assets.

Marketing, General and Administrative Our marketing, general and administrative expenses consist predominately of advertising, sales staff costs, and non-manufacturing administrative and overhead costs. The creative portion of our advertising activities is expensed as incurred. The costs to produce our advertising and promotional material are generally expensed when the advertising is first run. Cooperative advertising expenses are included in marketing, general and administrative costs. Advertising expense was $588.2 million, $586.2 million and $465.2 million for years 2003, 2002, and 2001, respectively. Prepaid advertising costs of $30.6 million ($13.0 million in current and $17.6 million in long-term) and $34.0 million ($12.5 million in current and $21.5 million in long-term) were included in Other current and Other non-current assets in the Consolidated Balance Sheets at December 28, 2003, and December 29, 2002, respectively.

Trade Loans CBL extends loans to retail outlets that sell our brands. Some of these loans provide for no interest to be payable, and others provide for payment of a below market interest rate. In return, the retail outlets receive smaller discounts on beer and other beverage products purchased from us, with the net result being CBL attaining a market return on the outstanding loan balance. Trade loan receivables are classified as either other receivables or other non-current assets in our Consolidated Balance Sheets. At December 28, 2003, total loans outstanding, net of allowances, was $148.3 million.

We have reclassified a portion of beer revenue into interest income to reflect a market rate of interest on these notes. In 2003, this amount was $17.2 million. We have included this interest income in the Europe segment since it is related solely to the Europe business.

Allowance for Doubtful Accounts In the Americas segment, our allowance for doubtful accounts and credit risk is insignificant as the majority of the Americas accounts receivable balance is generated from sales to independent distributors with whom collection occurs through electronic funds transfer. Also, in the Americas, we secure substantially all of our product sale credit risk with purchase money security interests in inventory and proceeds, personal guarantees and other letters of credit.

Because the majority of CBL sales are directly to retail customers, and because of the industry practice of making trade loans to customers, our ability to manage credit risk in this business is critical. At CBL, we provide allowances for trade receivables and trade loans associated with the ability to collect outstanding receivables from our customers. Generally, provisions are recorded to cover the full exposure to a specific customer at the point the account is considered uncollectible. At this time, we record the provision as a bad debt in Marketing, general and administrative expenses. Provisions are reversed upon recoverability of the account or relieved at the point an account is written off.

We are not able to predict changes in financial condition of our customers and, if circumstances related to our customers deteriorate, our estimates of the recoverability of our trade receivables and trade loans could be materially affected.

Inventories Inventories are stated at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for substantially all inventories in the United States and on the first-in, first-out (FIFO) method in the United Kingdom. Current cost in the United States, determined on the FIFO method, exceeded LIFO cost by $38.6 million and $39.3 million at December 28, 2003 and December 29, 2002, respectively.

We regularly assess the shelf-life of our inventories and write off those inventories when it becomes apparent the product will not be sold within our freshness specifications.

Dispense Assets CBL owns and maintains the dispense equipment in on-trade retail outlets. Dispense equipment, which moves the beer from the keg in the cellar to the glass, is capitalized at cost upon installation and depreciated on a straight-line basis over an average life of 7 years. Labor and materials used to install dispense equipment are capitalized and depreciated over 2 years. Dispense equipment awaiting installation is held in inventory and valued at the lower of cost or market. Ordinary repairs and maintenance are expensed as incurred.

Fair Value of Financial Instruments The carrying amounts of our financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate fair value due to the short-term maturity of these instruments. The fair value of long-term obligations for derivatives was estimated by discounting the future cash flows using market interest rates and does not differ significantly from the amounts reflected in the consolidated financial statements. The fair value of long-term debt exceeds the carrying value by approximately $86.5 million.

Foreign Currency Translation Assets and liabilities recorded in foreign currencies that are the functional currencies for the respective operations are translated at the prevailing exchange rate at the balance sheet date. Revenue and expenses are translated at the average exchange rates during the period. Translation adjustments resulting from this process are reported as a separate component of Other comprehensive income.

Stock-Based Compensation We account for employee stock options in accordance with Accounting Principles Board No. 25, *Accounting for Stock Issued to Employees* (APB No. 25). Accordingly, we do not recognize compensation expense related to employee stock options, since options are always granted at a price equal to the market price on the day of grant. See Note 6, "Stock Option, Restricted Stock Award and Employee Award Plans," for additional information on our stock options.

We use the intrinsic value method allowed under APB No. 25 when accounting for our stock-based compensation. The following table illustrates the effect on net income and earnings per share if we had applied the fair value recognition provisions of SFAS No. 123 to stock-based compensation:

(In thousands, except per share data, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Net income, as reported	$174,657	$161,653	$122,964
Total stock-based compensation expense determined under fair value based methods for all awards, net of related tax effects	(10,312)	(12,059)	(16,544)
Pro forma net income	$164,345	$149,594	$106,420
Earnings per share			
Basic – as reported	$ 4.81	$ 4.47	$ 3.33
Basic – pro forma	$ 4.52	$ 4.14	$ 2.88
Diluted – as reported	$ 4.77	$ 4.42	$ 3.31
Diluted – pro forma	$ 4.48	$ 4.09	$ 2.86

Statement of Cash Flows Data Cash equivalents represent highly liquid investments with original maturities of 90 days or less. The fair value of these investments approximates their carrying value. The following presents our supplemental cash flow information:

(In millions, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Cash paid for interest	$78.5	$64.6	$ 7.6
Cash paid for income taxes	$30.7	$44.6	$83.2
Issuance of restricted and common stock, net of forfeitures	$ 0.1	$ 0.8	$ 0.6
Tax effect from exercise of stock options	$ 0.4	$ 3.4	$ 4.4

Recent Accounting Pronouncements

FASB Statement No. 132, Employers' Disclosures About Pensions and Other Postretirement Benefits (Revised 2003) This standard revision is effective immediately and is reflected in Note 7, "Employee Retirement Plans," and Note 8, "Postretirement Benefits." While the standard does not change the accounting and measurement for pensions and other postretirement benefits, it does add new disclosures for the footnotes to the financial statements, including comparative information for prior periods presented. The disclosures are applicable to both pension and other postretirement plans. Key additional disclosures include:

- Plan assets by category.
- A narrative description of investment policies and strategies, including target allocation percentages.
- A narrative description of the basis used to determine the overall expected long-term rate-of-return on assets.
- Benefits expected to be paid in each of the next five years and the total for the five years thereafter.
- The employer's best estimate of the contributions expected to be made during the next fiscal year.
- Interim disclosures (in Form 10-Q) of net periodic benefit expense and significant revisions to employer contributions paid or expected to be paid.

FASB Interpretation No. 46R, Consolidation of Variable Interest Entities – An Interpretation of ARB51 The FASB finalized FIN 46R in December 2003. FIN 46R expands the scope of ARB51 and various EITFs and can require consolidation of legal structures, called *Variable Interest Entities (VIEs).* Companies with investments in *Special Purpose Entities (SPEs)* were required to implement FIN 46R in 2003; however, companies with VIEs are permitted to implement in the first quarter of 2004. While we do not have SPEs, we do have VIEs that we have tentatively determined will qualify for consolidation. These include RMMC and RMBC. We plan to consolidate these VIEs in the first quarter of 2004. We are still evaluating the treatment of our Coors Canada and Grolsch investments. The most significant impact to our financial statements will be to add the plant assets of RMMC and RMBC, totaling approximately $75 million, and RMMC debt of approximately $45 million to our balance sheet. We anticipate minimal impact to our consolidated net income. Note 2, "Equity Method Investments," discusses our various equity method investments.

SEC Staff Accounting Bulletin No. 104 (SAB 104), Revenue Recognition SAB 104 was released in December 2003. SAB 104 updates interpretative guidance in the codification of staff accounting bulletins to provide consistent accounting guidance on revenue recognition. We adopted SAB 104 in December 2003 with no impact to our financial statements or our financial reporting.

Other New Pronouncements In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* (SFAS No. 143), which is applicable to financial statements issued for fiscal years beginning after June 15, 2002. Under SFAS No. 143, the fair value of a liability for an asset retirement obligation would be recognized in the period in which the liability is incurred, with an offsetting increase in the carrying amount of the related long-lived asset. Over time, the liability would be accreted to its present value, and the capitalized cost would be depreciated over the useful life of the related asset. Upon settlement of the liability, an entity would either settle the obligation for its recorded amount or incur a gain or loss upon settlement. We adopted this statement effective December 30, 2002, the beginning of our 2003 fiscal year, with no material impact to our financial statements.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* (SFAS No. 149), which is applicable to contracts entered into or modified after June 30, 2003, and to hedging relationships designated after June 30, 2003. SFAS No. 149 amends Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133) for decisions made as part of the Derivatives Implementation Group process, which required amendments to SFAS No. 133 in connection with financial instrument-related FASB projects and in connection with other issues that arose during the implementation phase of SFAS No. 133. The adoption of this statement on June 30, 2003, did not have a material impact on our financial statements.

Notes to Consolidated Financial Statements

In May 2003, the FASB issued Statement of Financial Accounting Standard No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity,* which is applicable to financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. This statement requires that certain financial instruments that have previously been classified as equity but that have characteristics of both equity and liabilities, be classified as liabilities. These instruments include, but are not limited to, instruments that embody obligations to purchase or issue shares at the settlement date of an obligation. Our adoption of this statement did not have a material effect on our financial statements.

The FASB Staff issued FASB Staff Position (FSP) No. 106-1, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003,* in December 2003. The FSP is effective for financial statements of fiscal years ended after December 7, 2003, coincident with the signing of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act). The Act provides for, among other things, a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. While SFAS 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions,* explains the accounting treatment for retiree health care plans, the guidance does not include the accounting for federal subsidies. FSP 106-1 permits companies to defer accounting for the Act under SFAS 106 until such time as the effects on the companies' retirement obligations can be accurately predicted. Because our postretirement medical benefits do not include the features represented by the Act, we will not have any impact on our future financial statements as a result of the Act or the issuance of FSP 106-1.

2. Equity Method Investments

Non-Majority Owned Equity Investments We have investments in affiliates that are non-majority owned and are accounted for using the equity method of accounting where we exercise significant influence. These investments aggregated $185.0 million and $184.8 million at December 28, 2003 and December 29, 2002, respectively. There are no related parties who own interests in our equity method investments.

Summarized condensed balance sheet information for our non-majority owned equity method investments are as follows:

(In thousands, as of)	Dec. 28, 2003	Dec. 29, 2002
Current assets	$129,753	$129,977
Non-current assets	$175,770	$166,402
Current liabilities	$155,553	$138,658
Non-current liabilities	$ 43,385	$ 52,276

Summarized condensed income statement information for our non-majority owned equity method investments are as follows:

(In thousands, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Net sales	$763,438	$652,051	$359,092
Gross profit	$104,205	$103,000	$ 61,722
Pre-tax income	$ 43,660	$ 39,088	$ 21,741
Company's equity in pre-tax income	$ 18,014	$ 17,956	$ 14,372

Molson USA, LLC In January 2001, we entered into a joint venture partnership agreement with Molson and paid $65.0 million for a 49.9% interest in the joint venture. The venture's total assets are approximately $15.0 million at December 28, 2003. The joint venture, Molson USA LLC, was formed to import, market, sell and distribute Molson's brands of beer in the United States. Approximately $63.9 million of our initial investment was considered goodwill. Through December 30, 2001, the goodwill was being amortized on a straight-line basis over a life of 40 years, and the amortization expense was $1.6 million.

Our share of the net loss was approximately $2.6 million, $4.8 million and $2.2 million in 2003, 2002 and 2001, respectively. This net loss is included in other income, net on the accompanying Consolidated Statements of Income given the immateriality of these results. As a result of these operating losses, we have considered whether our investment is impaired under Accounting Principles Board Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock,* using the discounted cash flow model and determined that it was not impaired. The recoverability of our investment in the joint venture will be further evaluated during 2004 as we reevaluate the assumptions used in the model based on our continued experience with this business. We have tentatively determined that, while Molson USA is a variable interest entity as defined by FIN 46R, we are not the primary beneficiary of the entity. We believe our maximum exposure to loss over our required ownership period to be approximately $44 million.

Rocky Mountain Bottle Company We have a 50% interest in a joint venture with Owens, RMBC, to produce glass bottles at our glass manufacturing facility. RMBC has a contract to supply our bottle requirements and Owens has a contract to supply the majority of our bottles for our bottle requirements not met by RMBC. On July 29, 2003, we signed a new agreement, effective August 1, 2003, with Owens relating to the operation of our joint venture and the production of glass bottles. The new agreement has a term of 12 years. In 2003, we purchased all of the bottles produced by RMBC, or approximately 1.1 billion bottles. At December 28, 2003, RMBC's total assets are $44.8 million.

Purchases under this supply agreement in 2003, 2002 and 2001 were approximately $86 million, $92 million and $92 million, respectively. Cash distributions received from this joint venture were $12.3 million, $18.2 million and $9.1 million in 2003, 2002 and 2001, respectively. Our share of net income from this partnership was $7.8 million, $13.2 million and $10.9 million in 2003, 2002 and 2001, respectively, and is included as a reduction of cost of goods sold on the accompanying Consolidated Statements of Income. We have tentatively determined that RMBC is a variable interest entity as defined in FIN 46R, and that we are the primary beneficiary of the entity. As a result, we intend to consolidate RMBC beginning in the first quarter of 2004. We anticipate minimal impact on consolidated results.

Rocky Mountain Metal Container Effective January 1, 2002, we became an equal member with Ball Corporation (Ball) in a Colorado limited liability company, RMMC. Also effective on January 1, 2002, we entered into a can and end supply agreement with RMMC (the Supply Agreement), whereby we agreed to purchase substantially all of the can and end requirements for our Golden Brewery from the venture. On July 1, 2002, RMMC increased its debt obligations from $20 million to $50 million (such debt is not included on our Consolidated Balance Sheet). The proceeds have been used to finance planned capital improvements. RMMC's debt is secured by its various supply and access agreements with no recourse to CBC or Ball. At December 28, 2003, RMMC's total assets were $78.8 million and its debt outstanding was approximately $45 million.

Purchases under this supply agreement were approximately $206 million and $210 million in 2003 and 2002, respectively. Our share of net income from the limited liability company was approximately $0.1 million and $0.6 million in 2003 and 2002, respectively, that is included within cost of goods sold on the accompanying Consolidated Statements of Income. There were no distributions from the venture in 2003 or 2002. We have tentatively determined that RMMC is a variable interest entity as defined in FIN 46R and that we are the primary beneficiary of the entity. As a result, we intend to consolidate RMMC beginning in the first quarter of 2004. We expect minimal impact on consolidated results, although debt of approximately $45 million will be included in our Consolidated Balance Sheet.

Tradeteam Tradeteam was formed in 1995 by CBL (then Bass Brewers Limited) and Exel Logistics. CBL has a 49.9% interest in this joint venture. Total assets of the venture are $129.4 million. The joint venture operates a system of satellite warehouses and a transportation fleet for deliveries between the CBL breweries and customers. Tradeteam also delivers products for other UK brewers. Purchases under this distribution agreement were approximately $157 million and $131 million in 2003 and 2002, respectively. We received $8.8 million and $8.4 million in distributions in 2003 and 2002, respectively. Our share of the joint venture's pre-tax income was $9.1 million and $8.3 million in 2003 and 2002, respectively, which is recorded as other income in 2003 (given the immateriality of its results) and cost of goods sold in 2002 on the accompanying Consolidated Statements of Income. This change in presentation is due to a change in the entity from primarily a captive supplier of CBL to a supplier of CBL, as well as independent companies. We have tentatively determined that Tradeteam is not a variable interest entity as defined in FIN 46R.

Tradeteam had one uncommitted line of credit totaling 15 million GBP, or approximately $26.6 million based on foreign exchange rates at December 28, 2003. No amount was outstanding on this line of credit at December 28, 2003. We do not believe there is a significant exposure to loss in our current relationship over our expected ownership period.

Grolsch CBL has a 49% interest in the joint venture company, Grolsch UK Limited (Grolsch). The Grolsch joint venture involves the marketing of Grolsch branded beer in the United Kingdom and Republic of Ireland. The majority of the Grolsch branded beer is manufactured by CBL, under a contract brewing arrangement with the joint venture. CBL sells the beer to the joint venture, which sells the beer back to CBL (for onward sale to customers) for a price equal to what it paid CBL, plus a marketing and overhead charge and a profit margin. Total assets of the Grolsch joint venture are $30.2 million. The profit margin is considered a royalty paid to the joint venture as the brand owner. We received $3.2 million and $2.6 million in distributions in 2003 and 2002, respectively. Our share of pre-tax income from the joint venture was $3.6 million and $2.0 million in 2003 and 2002, respectively, which is recorded as a reduction of cost of goods sold on the accompanying Consolidated Statements of Income. The joint venture contains provisions permitting the joint venture partner, Royal Grolsch N.V., subject to notice, to buy our interest in the joint venture. Although we believe Grolsch is a VIE, we are still evaluating whether we are the primary beneficiary of the Grolsch joint venture with respect to consolidation under FIN 46R.

Golden Properties In 1992, we spun off our wholly owned subsidiary, ACX Technologies, Inc., which has subsequently changed its name to Graphic Packaging Corporation (GPC) and merged with an unrelated entity. The new entity is owned approximately 30% by various Coors family trusts. We are also a limited partner in a real estate development partnership (Golden Properties) in which a subsidiary of GPC is the general partner. The partnership owns, develops, operates and sells certain real estate previously owned directly by us. We received cash distributions of $0.5 million in 2002 as a return of our capital account. We did not receive any cash distributions in 2003. We were not entitled to any of the joint venture income in 2003, 2002 or 2001. We do not believe Golden Properties is a variable interest entity as defined in FIN 46R.

Majority-Owned, Non-Consolidated Equity Investment

We have an investment in Coors Canada, an affiliate that is majority-owned (50.1%), non-consolidated and is accounted for using the equity method of accounting. This investment aggregated $8.5 million and $6.4 million at December 28, 2003, and December 29, 2002, respectively. There are no related parties who own interests in this equity method investment.

Summarized condensed balance sheet information for our majority-owned equity method investment is as follows:

(In thousands, as of)	Dec. 28, 2003	Dec. 29, 2002
Current assets	$22,840	$17,448
Non-current assets	$ 364	$ 266
Current liabilities	$ 6,171	$ 4,530
Non-current liabilities	$ –	$ –

Summarized condensed income statement information for our majority-owned equity method investments is as follows:

(In thousands, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Revenues	$139,191	$111,193	$115,489
Pre-tax income	$ 94,232	$ 73,856	$ 58,386
Equity in pre-tax income	$ 47,528	$ 37,002	$ 29,258

Coors Canada Coors Canada, Inc. (CCI), a wholly owned subsidiary, formed a partnership, Coors Canada, with Molson to market and sell our products in Canada. Coors Canada began operations January 1, 1998. CCI and Molson have a 50.1% and 49.9% interest, respectively. CCI's investment in the partnership is accounted for using the equity method of accounting due to effective control of the partnership being shared equally by its partners. The partnership agreement has an indefinite term and can be canceled at the election of either partner. Under the partnership agreement, Coors Canada is responsible for marketing our products in Canada, while the partnership contracts with Molson for brewing, distribution and sales of these brands. Coors Canada receives an amount from Molson generally equal to net sales revenue generated from our brands less production, distribution, sales and overhead costs related to these sales. CCI received distributions from the partnership of a US dollar equivalent of approximately $46.7 million, $36.0 million and $27.9 million for 2003, 2002 and 2001, respectively. Our share of pre-tax income from this partnership, which was approximately $47.5 million in 2003, $37.0 million in 2002 and $29.2 million in 2001, is included in sales in the accompanying Consolidated Statements of Income. Although we believe Coors Canada is a VIE, we are still evaluating whether we are the primary beneficiary of the Coors Canada partnership with respect to consolidation under FIN 46R. We do not believe there is a significant exposure to loss in our current relationship over the expected ownership period.

The following summarizes our equity in investment pre-tax income:

(In thousands, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Equity in pre-tax income of majority-owned investments	$47,528	$37,002	$29,258
Equity in pre-tax income of non-majority owned investments	$18,014	$17,956	$14,372
Total equity in pre-tax income of all equity investments	$65,542	$54,958	$43,630

3. Properties

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

(In thousands, as of)	Dec. 28, 2003	Dec. 29, 2002
Land and improvements	$ 173,116	$ 137,054
Buildings	741,384	681,584
Machinery and equipment	2,935,388	2,150,993
Natural resource properties	2,991	6,774
Software	252,360	227,353
Construction in progress	40,670	69,916
	4,145,909	3,273,674
Less accumulated depreciation, depletion and amortization	(2,695,124)	(1,893,435)
Net properties	$ 1,450,785	$ 1,380,239

Land, buildings and machinery and equipment are stated at cost. Depreciation is calculated principally on the straight-line method over the following estimated useful lives: buildings and improvements, 10 to 40 years; and machinery and equipment, 3 to 20 years. Certain equipment held under capital lease is classified as equipment and amortized using the straight-line method over the lease term. Lease amortization is included in depreciation expense. Expenditures for new facilities and improvements that substantially extend the capacity or useful life of an asset are capitalized. Start-up costs associated with manufacturing facilities, but not related to construction, are expensed as incurred. Ordinary repairs and maintenance are expensed as incurred.

Natural resource properties are leasehold interests in coal reserves which are depleted as revenue is recognized.

We capitalize certain software development costs that meet established criteria, in accordance with Statement of Position, *Accounting for the Costs of Computer Systems Developed or Obtained for Internal Use* (SOP 98-1). We amortize software costs over 3 – 5 years. During 2003, we placed into service approximately $43.0 million of software assets related to our supply chain processes and systems implementation. Software development costs not meeting the criteria in SOP 98-1, including system reengineering, are expensed as incurred.

4. Debt

Our total borrowings were composed of the following:

(In thousands, as of)	Dec. 28, 2003	Dec. 29, 2002
Short-term borrowings	$ 21,309	$ 101,654
Senior private placement notes	$ 20,000	$ 20,000
6⅜% Senior notes due 2012	854,043	855,289
Senior Credit Facility:		
USD amortizing term loan	86,000	168,000
GBP amortizing term loan	–	365,689
Commercial paper	249,645	–
Other	20,006	16,809
Total long-term debt (including current portion)	1,229,694	1,425,787
Less current portion of long-term debt	(69,856)	(42,395)
Total long-term debt	$1,159,838	$1,383,392

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

(In thousands, fiscal year)	Amount
2004	$ 69,856
2005	24,951
2006	80,133
2007	199,338
2008	–
Thereafter	855,416
Total	$1,229,694

Interest Interest incurred, capitalized and expensed were as follows:

(In thousands, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Interest incurred	$84,187	$75,071	$ 8,653
Interest capitalized	(2,992)	(4,152)	(6,647)
Interest expensed	$81,195	$70,919	$ 2,006

Our short-term borrowings consist of various uncommitted lines of credit. At December 28, 2003, we had two USD uncommitted lines of credit totaling $50 million. We had $7.0 million outstanding under these lines of credit as of December 28, 2003. Amounts outstanding under the lines of credit bear interest at a rate stated by the lenders. At December 28, 2003, the interest rate was 1.80%.

In addition, CBL had three uncommitted lines of credit totaling 30.0 million GBP, or approximately $53.1 million based on foreign exchange rates at December 28, 2003. All of the lines of credit were available to us at December 28, 2003. These lines of credit bear interest at a floating rate determined by the lenders. At December 28, 2003, the interest rate was 4.30% and balances outstanding totaled $11.9 million.

In addition, we have two uncommitted lines of credit totaling 900 million Japanese yen, or approximately $8.4 million, at December 28, 2003. At that date, interest rates were below 1% and amounts outstanding totaled $2.4 million.

Tradeteam, the joint venture between CBL and Exel Logistics, had one uncommitted line of credit totaling 15 million GBP, or approximately $26.6 million based on foreign exchange rates at December 28, 2003. No amount was outstanding on this line of credit at December 28, 2003, however Tradeteam is required to pay a 0.5% commitment fee on any undrawn amount. This line of credit bears interest at a rate of 1% over GBP LIBOR.

Senior Private Placement Notes due July 2005

At December 28, 2003, we had $20.0 million in unsecured senior notes at a fixed interest rate of 6.95% per annum, all of which was classified as long-term debt. Interest on the notes is due semi-annually in January and July. Our private placement notes require that we conduct our business with certain restrictions on indebtedness, liens, mergers, consolidations, asset sales and certain other types of business activities in which we can engage. We were in compliance with these requirements at December 28, 2003.

6⅜% Senior Notes due 2012 On May 7, 2002, CBC completed a private placement of $850 million principal amount of 6⅜% Senior notes, due 2012, with interest payable semi-annually. The notes were priced at 99.596% of par for a yield to maturity of 6.43%, are unsecured, are not subject to any sinking fund provision and include a redemption provision (make-whole provision) if the notes are retired before their scheduled maturity. The redemption price is equal to the greater of (1) 100% of the principal amount of the notes plus accrued and unpaid interest and (2) the make whole amount of the notes being redeemed, which is equal to the present value of the principal amount of the notes and interest to be redeemed. The notes were issued with registration rights and are guaranteed by Adolph Coors Company and certain domestic subsidiaries. Net proceeds from the sale of the notes, after deducting estimated expenses and underwriting fees, were approximately $841 million. The net proceeds were used to (1) repay the $750 million of loans outstanding under our senior unsecured bridge facility, which we entered into in connection with our acquisition of CBL and (2) to repay approximately $91 million of outstanding term borrowings under our senior unsecured credit facilities. We have also entered into hedges related to these borrowings, which are further described in Note 11, "Derivative Instruments."

Simultaneous with the private placement, we entered into a registration rights agreement pursuant to which we exchanged the unregistered notes for substantially identical notes registered with the SEC. The exchange of all the notes was completed on September 16, 2002.

Under the terms of the notes, we must comply with certain restrictions. These restrictions include restrictions on debt secured by certain types of mortgages, secured certain threshold percentages of consolidated net tangible assets, and restrictions on certain types of sale-leaseback transactions. As of December 28, 2003, we were in compliance with all of these restrictions.

Senior Credit Facility At December 28, 2003, we had $86.0 million outstanding in an unsecured senior credit facility consisting of a US dollar-denominated amortizing term loan. Amounts outstanding under our term loan bear interest, at our option, at a rate per annum equal to either an adjusted LIBOR or an alternate base rate, in each case plus an additional margin. The additional margin is established based on our investment grade debt rating which is BBB+ (S&P) and Baa2 (Moody's). If our debt rating changes, the additional margin is subject to adjustment. Interest is payable quarterly unless the selected LIBOR is for a time period less than 90 days, in which case the interest is payable at the end of the time period corresponding to the selected LIBOR. The interest rate on our US term loan was 1.995% at December 28, 2003.

Our term loan is payable quarterly in arrears beginning June 27, 2003, and matures February 1, 2007. During the year ended December 28, 2003, we repaid approximately $82.0 million on our US dollar-denominated amortizing term loan, in addition to amounts paid on our British pound sterling (GBP)-denominated term loan, which was extinguished during 2003 (see "Commercial Paper"). This has reduced the scheduled required future amortization amounts based upon application of payments already made against future payments due as per the terms of our loan agreement. In connection with the repayments on our US dollar (USD)-denominated term loan, we accelerated the amortization of fees associated with the loan, resulting in a $0.4 million charge to interest expense during 2003. Additional amortization charges were taken with respect to our early payments on our GBP-denominated term loan. On February 27, 2004, we repaid an additional $40 million dollars on the term loan.

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

Our term loan requires us to meet certain periodic financial tests, including maximum total leverage ratio and minimum interest coverage ratio. There are also certain restrictions on indebtedness, liens and guarantees; mergers, consolidations and some types of acquisitions and assets sales; and certain types of business in which we can engage. As of December 28, 2003, we were in compliance with all of these restrictions.

Commercial Paper In June 2003, we issued approximately $300 million in commercial paper, $250 million of which was outstanding as of December 28, 2003. $200 million of our commercial paper balance is classified as long-term, reflecting our intent to keep this amount outstanding for longer than 360 days and our ability to refinance these borrowings on a long-term basis through our revolving line of credit. The remaining $50 million is classified as short-term, as our intent is to repay that portion in the next twelve months. As of December 28, 2003, the interest rates on our commercial paper borrowings ranged from 1.24% to 1.27%, with a weighted average of 1.255%.

In May 2003, we increased our unsecured committed credit arrangement from $300 million to $500 million in order to support our commercial paper program. As of December 28, 2003, $250 million of the total $500 million line of credit was being used as a backstop for our commercial paper program. As of December 28, 2003, all of our line of credit, except the portion backing commercial paper, was available to us. This line of credit has a five-year term expiring 2007.

Concurrent with our issuance of commercial paper, we made a payment against the then-outstanding principal and interest on our GBP-denominated amortizing term loan of approximately 181.1 million GBP ($300.3 million at then-prevailing foreign currency exchange rates) using proceeds from our issuance of commercial paper. We made final payments on our GBP-denominated term loan of approximately 40.5 million GBP ($65.7 million at then-prevailing foreign currency exchange rates) using cash from operations during the third quarter of 2003, which fully extinguished the outstanding balance on this debt instrument. In connection with these payments, we accelerated the amortization on loan fees related to this loan on the dates of the payments and expensed approximately $3.1 million during the year.

Other Long-Term Debt Our other long-term debt consists of a CBL note payable, denominated in Euros that existed at the time of the CBL acquisition. The note bears interest at 5.39% and matures in October 2005.

5. Income Taxes

The pre-tax income on which the provision for income taxes was computed is as follows:

(In thousands, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Domestic	$134,479	$134,207	$196,516
Foreign	119,339	122,393	1,497
Total	$253,818	$256,600	$198,013

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

(In thousands, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Current			
Federal	$ 7,993	$50,071	$ 74,140
State	274	9,863	13,841
Foreign	16,985	19,924	1,878
Total current tax expense	25,252	79,858	89,859
Deferred			
Federal	39,355	4,132	(16,171)
State	5,369	1,255	(3,005)
Foreign	8,773	6,292	–
Total deferred tax expense	53,497	11,679	(19,176)
Other			
Allocation to paid-in capital	412	3,410	4,366
Total income tax expense	$79,161	$94,947	$ 75,049

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

(Fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Expected tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	2.1	2.9	3.6
Effect of foreign tax rates	(4.8)	(1.7)	(0.5)
Non-taxable income	–	–	(0.1)
Other, net	1.8	0.8	(0.1)
Audit resolution	(2.9)	–	–
Effective tax rate	31.2%	37.0%	37.9%

Our deferred taxes are composed of the following:

(In thousands, as of)	Dec. 28, 2003	Dec. 29, 2002
Current deferred tax assets		
Deferred compensation and other employee related	$ 15,124	$ 15,857
Retirement reserves	2,172	2,664
Balance sheet reserves and accruals	6,517	12,110
Foreign balance sheet reserves and accruals	3,106	–
Total current deferred tax assets	26,919	30,631
Current deferred tax liabilities		
Hedging	(14,100)	(9,655)
Net current deferred tax assets	$ 12,819	$ 20,976
Non-current deferred tax assets		
Deferred compensation and other employee related	$ 40,189	$ 27,635
Retirement reserves	143,898	138,432
Partnership investments	18,116	9,341
Environmental accruals	3,005	3,043
Deferred foreign losses	–	1,598
Foreign exchange losses	32,570	–
Deferred foreign tax credits	201,647	185,069
Valuation allowance	(40,000)	(40,000)
Total non-current deferred tax assets	399,425	325,118

(In thousands, as of)	Dec. 28, 2003	Dec. 29, 2002
Non-current deferred tax liabilities		
Balance sheet reserves and accruals	$ 1,116	$ 1,121
Retirement benefits	24,353	4,027
Foreign intangibles	121,427	105,323
Foreign depreciation	67,164	50,595
Foreign other	6,932	519
Un-remitted earnings	45,589	–
Depreciation and capitalized interest	123,563	113,570
Total non-current deferred tax liabilities	390,144	275,155
Net non-current deferred tax assets	$204,804	$206,400
Net non-current deferred tax liability	$195,523	$156,437

During 2002, in connection with the purchase of CBL, we recorded a deferred tax liability on the books of CBL and a corresponding deferred tax asset on the books of the acquiring company for the difference between the purchase price and historical basis of the CBL assets. Concurrently, we recorded a $40.0 million valuation allowance to reduce our deferred tax asset to the amount that is more likely than not to be realized. In 2003, we evaluated the valuation allowance and determined no adjustment was required.

We do not provide deferred taxes on certain outside basis difference in our acquired foreign subsidiary's stock, Coors Brewers Limited (CBL). This outside basis difference is permanent in duration under SFAS 109 because we do not intend to take any action that would result in recognizing the gain inherent in certain book-over-tax basis differences.

We have not presumed any earnings from foreign subsidiaries to be permanently reinvested under APB No. 23 and, therefore, we have provided deferred taxes on those amounts. In 2004, Coors will re-evaluate whether to permanently reinvest part or all of CBL's current earnings.

Our 2003 effective tax rate was impacted by the favorable completion of federal tax audits for the years 1996 through 2000, which resulted in a 7% reduction in our second quarter rate (approximately $7.3 million in lower tax expense). Based on our current analysis, we believe our remaining income tax contingency reserves are adequate to address other worldwide income tax issues.

6. Stock Option, Restricted Stock Award and Employee Award Plans

At December 28, 2003, we had three stock-based compensation plans, which are described in greater detail below. We apply Accounting Principles Board Opinion No. 25 and related interpretations in accounting for our plans. Accordingly, as the exercise prices upon grant are equal to quoted market values, no compensation cost has been recognized for the stock option portion of the plans.

The 1990 Plan The 1990 Equity Incentive Plan (1990 EI Plan) generally provides for two types of grants: stock options and restricted stock awards for CBC employees. The stock options have a term of 10 years and one-third of the stock option grant vests in each of the three successive years after the date of grant. Total authorized shares of Class B common stock for issuance under the 1990 EI Plan were 13.0 million shares at December 28, 2003.

A summary of the status of the option portion of our 1990 EI Plan is presented below:

				Options exercisable at year-end	
	Options available for grant	Outstanding options	Weighted-average exercise price	Shares	Weighted-average exercise price
As of December 31, 2000	2,870,521	2,761,597	$45.91	910,548	$35.21
Authorized	2,033,114	–	–		
Granted	(1,660,150)	1,660,150	67.28		
Exercised	–	(331,758)	32.38		
Forfeited	268,709	(268,709)	59.50		
As of December 30, 2001	3,512,194	3,821,280	55.41	1,374,961	43.68
Granted	(1,869,700)	1,869,700	56.54		
Exercised	–	(358,522)	40.17		
Forfeited	273,868	(273,868)	60.82		
As of December 29, 2002	1,916,362	5,058,590	56.62	2,084,056	52.82
Authorized	2,250,000	–	–		
Granted	(1,884,150)	1,884,150	49.37		
Exercised	–	(69,904)	35.67		
Forfeited	314,590	(314,590)	56.66		
As of December 28, 2003	**2,596,802**	**6,558,246**	**$54.75**	**3,297,810**	**$55.46**

The following table summarizes information about stock options outstanding at December 28, 2003:

	Options outstanding			Options exercisable	
(Range of exercise prices)	Shares	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Shares	Weighted-average exercise price
$16.75–$39.15	366,525	3.41	$29.23	366,525	$29.23
$44.91–$49.95	2,026,853	8.62	48.82	358,007	48.19
$50.26–$59.75	2,788,870	6.86	55.58	1,653,085	55.42
$60.48–$69.01	1,375,998	6.81	68.59	920,193	68.78
	6,558,246	7.20	$54.75	3,297,810	$55.46

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

(Fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Risk-free interest rate	2.89%	4.38%	5.01%
Dividend yield	1.68%	1.23%	0.96%
Volatility	33.95%	27.99%	30.70%
Expected term (years)	5.40	5.40	5.40
Weighted-average fair market value	$14.87	$16.97	$20.65

We issued 3,000, 13,000 and 10,750 shares of restricted stock in 2003, 2002 and 2001, respectively, under the 1990 EI Plan. The term is 10 years and the shares vest in full at the end of three successive years from the date of grant. The compensation cost associated with these awards is amortized over the vesting period. Compensation cost associated with these awards was insignificant in 2003, 2002, and 2001.

In May 2002, the Company approved a stock award to be issued contingent upon certain debt reduction milestones as of December 31, 2004. The number of shares that could be issued under this incentive plan is 96,500. As of December 29, 2003, it remains unlikely that these milestones will be met. If it becomes probable that the shares will be issued, we will recognize an expense in that and future periods.

Equity Compensation Plan for Non-Employee Directors

The Equity Compensation Plan for Non-Employee Directors (EC Plan) provides for awards of the Company's Class B shares of restricted stock or options for Class B shares. Awards vest after completion of the director's annual term. The compensation cost associated with the EC Plan is amortized over the director's term. Compensation cost associated with this plan was immaterial in 2003, 2002, and 2001. Common stock authorized for the EC Plan as of December 28, 2003, was 60,000 shares.

7. Employee Retirement Plans

Defined Benefit Plans The Company has US and UK pension plans that cover substantially all its employees. Benefits for all employees are generally based on salary and years of service. Plan funding strategies are influenced by employee benefits laws and tax laws. The Company's UK plan includes provision for employee contributions and inflation-based benefit increases for retirees. Total defined benefit pension plan expense was $38.7 million, $18.6 million and $12.2 million in 2003, 2002 and 2001, respectively. The increase in pension expense from 2002 to 2003 is primarily due to the decline in the market value of plan investments that occurred from 2000 through 2002. Although pension investment returns were significant in 2003, the impact of the three previous years returns and a continued decline in interest rates reduced the funded positions of the plans to a level that resulted in the amortization of previously unrecognized actuarial losses. In addition, service cost for the UK plan in US dollars increased due to the appreciation of the GBP against the dollar. The aggregate funded position of the Company's plans resulted in the recognition of an additional minimum liability in 2003 and 2002.

Both US and UK plan assets consist primarily of equity securities with smaller holdings of bonds and real estate. Equity assets are well diversified between international and domestic investments, with additional diversification in the domestic category through allocations to large-cap, small-cap, and growth and value investments. Relative allocations reflect the demographics of the respective plan participants. For example, our UK participants are more heavily weighted toward pensioners than our US participants. Therefore, we have elected a smaller equity percentage in our UK plan. The following compares target asset allocation percentages as of February 27, 2004 with actual asset allocations at December 28, 2003:

	US Plan assets		UK Plan assets	
	Target allocations	Actual allocations	Target allocations	Actual allocations
Equities	80%	82%	65%	59%
Fixed income	11%	10%	28%	34%
Real estate	9%	8%	7%	6%
Other	–	–	–	1%

Investment return assumptions for both plans have been determined by obtaining independent estimates of expected long-term rates of return by asset class, applying the returns to assets on a weighted average basis and adding an active management premium where appropriate.

Although we don't expect any required contributions to other plans, it is expected that contributions to the US plan during 2004 will be approximately $40 million, and contributions to the UK plan during 2004 will be approximately $29 million (UK plan contributions translated to USD at December 31, 2003 rates).

The following represents our net periodic pension cost:

	Dec. 28, 2003			Dec. 29, 2002			Dec. 30, 2001
(In thousands, fiscal year ended)	US Plans	UK Plan	Total	US Plans	UK Plan	Total	US Plans
Components of net periodic pension cost							
Service cost — benefits earned during the year	$ 18,412	$ 28,963	$ 47,375	$ 17,294	$ 18,567	$ 35,861	$ 17,913
Interest cost on projected benefit obligation	48,842	83,439	132,281	46,996	69,744	116,740	46,374
Expected return on plan assets	(48,483)	(99,630)	(148,113)	(52,407)	(85,023)	(137,430)	(58,342)
Amortization of prior service cost	5,880	–	5,880	6,074	–	6,074	5,945
Amortization of net transition/obligation	240	–	240	240	–	240	241
Recognized net actuarial loss	9,116	–	9,116	1,007	–	1,007	110
Less expected participant and national insurance contributions	–	(8,063)	(8,063)	–	(3,929)	(3,929)	–
Net periodic pension cost (income)	$ 34,007	$ 4,709	$ 38,716	$ 19,204	$ (641)	$ 18,563	$ 12,241

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

(In thousands, fiscal year ended)	Dec. 28, 2003 US Plans	Dec. 28, 2003 UK Plan	Dec. 28, 2003 Total	Dec. 29, 2002 US Plans	Dec. 29, 2002 UK Plan	Dec. 29, 2002 Total
Actuarial present value of accumulated benefit obligation	$ 773,164	$1,639,330	$2,412,494	$ 662,057	$1,349,000	$2,011,057
Change in projected benefit obligation						
Projected benefit obligation at beginning of year	$ 732,436	$1,466,606	$2,199,042	$ 659,106	$1,255,773	$1,914,879
Service cost, net of expected employee contributions	18,412	20,900	39,312	17,294	14,638	31,932
Interest cost	48,842	83,439	132,281	46,996	69,744	116,740
Amendments	4,678	–	4,678	–	–	–
Actual employee contributions	–	5,233	5,233	–	4,577	4,577
Actuarial loss	83,414	116,113	199,527	41,495	19,879	61,374
Benefits paid	(37,332)	(82,588)	(119,920)	(32,455)	(67,025)	(99,480)
Foreign currency exchange rate change	–	164,760	164,760	–	169,020	169,020
Projected benefit obligation at end of year	$ 850,450	$1,774,463	$2,624,913	$ 732,436	$1,466,606	$2,199,042
Change in plan assets						
Fair value of assets at beginning of year	$ 435,200	$1,182,235	$1,617,435	$ 527,000	$1,233,694	$1,760,694
Actual return on plan assets	126,480	187,907	314,387	(80,348)	(147,027)	(227,375)
Employer contributions	37,052	13,901	50,953	24,055	7,009	31,064
Actual employee contributions	–	5,233	5,233	–	4,577	4,577
Benefits paid	(37,332)	(82,588)	(119,920)	(32,455)	(67,025)	(99,480)
Expenses paid	–	–	–	(3,052)	–	(3,052)
Foreign currency exchange rate change	–	133,570	133,570	–	151,007	151,007
Fair value of plan assets at end of year	$ 561,400	$1,440,258	$2,001,658	$ 435,200	$1,182,235	$1,617,435
Reconciliation of funded status						
Funded status – shortfall	$(289,050)	$ (334,205)	$ (623,255)	$(297,236)	$ (284,371)	$ (581,607)
Unrecognized net actuarial loss	277,651	320,374	598,025	281,350	265,606	546,956
Unrecognized prior service cost	40,565	–	40,565	41,767	–	41,767
Unrecognized net transition amount	240	–	240	481	–	481
Net amount recognized	$ 29,406	$ (13,831)	$ 15,575	$ 26,362	$ (18,765)	$ 7,597
Amounts reflected in the Consolidated Balance Sheet consist of						
Non-current prepaid benefit cost	$ 41,486	$ –	$ 41,486	$ 37,747	$ –	$ 37,747
Non-current accrued benefit liability cost	(253,250)	(199,070)	(452,320)	(264,604)	(166,805)	(431,409)
Non-current intangible asset	40,805	–	40,805	42,248	–	42,248
Accumulated other comprehensive loss	200,365	185,239	385,604	210,971	148,040	359,011
Net amount reflected	$ 29,406	$ (13,831)	$ 15,575	$ 26,362	$ (18,765)	$ 7,597

Pension expense is actuarially calculated annually based on data available at the beginning of each year. Assumptions used in the calculation include the settlement discount rate selected and disclosed at the end of the previous year as well as other assumptions detailed in the table below.

	US Plans		UK Plan	
(Fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 28, 2003	Dec. 29, 2002
Weighted-average assumptions				
Settlement discount rate	6.25%	6.75%	5.63%	5.70%
Rate of compensation increase	3.25%	3.75%	4.00%	3.75%
Expected return on plan assets	9.00%	9.50%	7.50%	7.25%
Price inflation rate	–	–	2.50%	2.25%

Defined Contribution Plan US employees are eligible to participate in the Coors Savings and Investment Plan, a qualified voluntary defined contribution plan. We match 50% of the employees' contributions up to 6% of employee compensation. Both employee and employer contributions are made in cash in accordance with participant investment elections. There are no minimum amounts that are required to be invested in CBC stock. Our contributions in 2003, 2002 and 2001 were $6.9 million, $6.4 million and $6.4 million, respectively.

8. Postretirement Benefits

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

The obligation under these plans was determined by the application of the terms of medical and life insurance plans, together with relevant actuarial assumptions and health care cost trend rates ranging ratably from 9.50% in 2004 to 5.00% in 2013. The discount rate used in determining the accumulated postretirement benefit obligation was 6.00%, 6.75% and 7.25% at December 28, 2003, December 29, 2002 and December 30, 2001, respectively.

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

(In thousands, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Components of net periodic postretirement benefit cost			
Service cost – benefits earned during the year	$1,603	$1,295	$1,447
Interest cost on projected benefit obligation	6,757	6,266	6,782
Recognized net actuarial loss (gain)	344	(19)	(19)
Net periodic postretirement benefit cost	$8,704	$7,542	$8,210

(In thousands, as of)	Dec. 28, 2003	Dec. 29, 2002
Change in projected postretirement benefit obligation		
Projected postretirement benefit obligation at beginning of year	$ 105,749	$ 102,155
Service cost	1,603	1,295
Interest cost	6,757	6,266
Actuarial loss	2,264	1,326
Benefits paid, net of participant contributions	(8,903)	(5,293)
Projected postretirement benefit obligation at end of year	$ 107,470	$ 105,749
Funded status – shortfall	$(107,470)	$(105,749)
Unrecognized net actuarial loss	20,039	18,139
Unrecognized prior service cost	320	300
Accrued postretirement benefits	(87,111)	(87,310)
Less current portion	9,305	6,850
Long-term postretirement benefits	$ (77,806)	$ (80,460)

Expected Cash Flows Information about expected cash flows for the postretirement benefit plan follows:

(In thousands)	Amount
Expected benefit payments	
2004	$ 9,305
2005	9,706
2006	10,168
2007	10,490
2008	10,677
2009–2013	$52,713

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

(In thousands)	One-percentage-point increase	One-percentage-point decrease
Effect on total of service and interest cost components	$ 327	$ (309)
Effect on postretirement benefit obligation	$3,305	$(3,143)

9. Restructuring and Other Special Charges

We incurred no pre-tax special charges or credits in 2003.

During 2002, we incurred net pretax special charges of $6.3 million. We recorded special charges of $2.7 million related to acquisition costs for CBL, including accounting, appraisal and legal fees. Offsetting these charges was a credit of $2.8 million related to cash payments received on a debt due to us from our former partner in a brewing business in South Korea. We also incurred net restructuring charges of $6.4 million primarily related to restructuring initiatives in our US operations and Golden Brewery business in an effort to consolidate and lower our future overhead costs. The restructure charges consisted primarily of employee severance costs, which were paid during 2003.

During 2001, we incurred net pretax special charges of $23.2 million. We recorded $3.0 million of special charges related to the dissolution of our existing can and end joint venture as part of the restructuring of this part of our business. We also entered into a contract with EDS Information Services (EDS) to outsource certain information technology functions and incurred outsourcing transition costs of approximately $14.6 million. We recorded a $2.3 million charge for a portion of certain production equipment that was abandoned. Offsetting the aforementioned special charges was a net gain before tax of approximately $2.7 million related to the sale of the plant and fixed assets of our Spain brewing and commercial operations, which was closed in 2000. We also incurred net restructuring charges of $6.0 million, mainly related to the restructuring of our purchasing organization and certain production areas. These restructurings resulted in the elimination of approximately 115 positions. These costs consisted primarily of employee severance costs that were paid in 2001 and 2002.

10. Stock Activity and Earnings Per Share

Capital Stock On October 3, 2003, at a special meeting of our shareholders, Class A and Class B shareholders voted to approve a proposal that resulted in a change of our place of incorporation from Colorado to Delaware. The change is beneficial to us, due to Delaware's comprehensive, widely used and extensively interpreted corporate law. The re-incorporation did not result in any change in our name, headquarters, business, jobs, management, location of offices or facilities, number of employees, taxes payable to the State of Colorado, assets, liabilities, or net worth. However, the par value of all our classes of stock changed to $0.01 per share, effective in the fourth quarter of 2003, resulting in a reclassification of amounts from par value to paid-in-capital.

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

At December 28, 2003, December 29, 2002 and December 30, 2001, 25 million shares of no par value preferred stock were authorized but unissued.

Pursuant to our by-laws restricted Class B shares (not registered under the Securities Act of 1933) must first be offered to us for repurchase. The board of directors authorized the repurchase of up to $40 million per year of our outstanding Class B common stock on the open market during 2002 and 2001; however, no repurchases of either restricted shares or from the open market were authorized for 2003. In September 2001, the board of directors increased the authorized 2001 expenditure limit for the repurchase of outstanding shares of Class B common stock to $90 million for the remainder of that fiscal year. During 2001, 1,506,637 shares were repurchased for approximately $72.3 million under this stock repurchase program. No additional shares were repurchased during 2002 or 2003.

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

(In thousands, except per share data, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Net income available to common shareholders	$174,657	$161,653	$122,964
Weighted average shares for basic EPS	36,338	36,140	36,902
Effect of dilutive securities			
Stock options	227	397	266
Restricted shares	31	29	9
Weighted average shares for diluted EPS	36,596	36,566	37,177
Basic EPS	$ 4.81	$ 4.47	$ 3.33
Diluted EPS	$ 4.77	$ 4.42	$ 3.31
Anti-dilutive securities	3,573	1,384	2,199

The dilutive effects of stock options were determined by applying the treasury stock method, assuming we were to purchase common shares with the proceeds from stock option exercises. Anti-dilutive securities were not included in our calculation because the stock options' exercise prices were greater than the average market price of the common shares during the periods presented.

11. Derivative Instruments

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

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

Derivatives are either exchange-traded instruments or over-the-counter agreements entered into with highly rated financial institutions. No losses on over-the-counter agreements due to counterparty credit issues are anticipated. All over-the-counter agreements are entered into with counterparties rated no lower than A (S&P) or A2 (Moody's). In some instances we and our counterparties have reciprocal collateralization agreements regarding fair value positions in excess of certain thresholds. These agreements call for the posting of collateral in the form of cash, treasury securities or letters of credit if a fair value loss position to us or our counterparties exceeds a certain amount. At December 28, 2003, no collateral was posted by us or our counterparties.

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

The majority of all derivatives entered into by the Company qualify for, and are designated as, foreign-currency cash flow hedges, commodity cash flow hedges or fair value hedges, including those derivatives hedging foreign currency denominated firm commitments as per the definitions of Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133).

The Company considers whether any provisions in non-derivative contracts represent "embedded" derivative instruments as described in SFAS No. 133. As of December 28, 2003, we have concluded that no "embedded" derivative instruments warrant separate fair value accounting under SFAS No. 133.

Changes in fair values of outstanding derivatives that are highly effective as per the definition of SFAS 133 are recorded in other comprehensive income, until earnings are affected by the variability of cash flows of the underlying hedged transaction. In most cases amounts recorded in other comprehensive income will be released to earnings at maturity of the related derivative. The consolidated statement of income treatment of effective hedge results offsets the gains or losses on the underlying exposure.

We formally document all relationships between hedging instruments and hedged items, as well as the risk-management objective and strategy for undertaking hedge transactions. This process includes linking all derivatives that are designated as foreign-currency cash flow hedges and commodity cash flow hedges to either specific assets and liabilities on the balance sheet or specific firm commitments or forecasted transactions. We also formally assess, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions have been highly effective in offsetting changes in the cash flows of hedged items and whether those derivatives may be expected to remain highly effective in future periods. When it is determined that a derivative is not, or has ceased to be, highly effective as a hedge, we discontinue hedge accounting prospectively, as discussed in the following paragraphs.

We discontinue hedge accounting prospectively when (1) the derivative is no longer highly effective, as per SFAS No. 133, in offsetting changes in the cash flows of a hedged item (including hedged items such as firm commitments or forecasted transactions); (2) the derivative expires or is sold, terminated, or exercised; (3) it is no longer probable that the forecasted transaction will occur; or (4) management determines that designating the derivative as a hedging instrument is no longer appropriate.

When we discontinue hedge accounting because it is no longer probable that the forecasted transaction will occur in the originally expected period, the gain or loss on the derivative remains in accumulated other comprehensive income and is reclassified into earnings when the forecasted transaction affects earnings. However, if it is no longer probable that a forecasted transaction will occur by the end of the originally specified time period or within an additional two-month period of time thereafter, the gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we will carry the derivative at its fair value on the balance sheet until maturity, recognizing future changes in the fair value in current-period earnings. Any hedge ineffectiveness, as per SFAS No. 133, is recorded in current-period earnings. During 2003 and 2002, we recorded an insignificant loss relating to such ineffectiveness of all derivatives in Other income, net. Effectiveness is assessed based on the comparison of current forward rates to the rates established on our hedges.

As of December 28, 2003, $4.9 million of deferred net losses (net of tax) on both outstanding and matured derivatives accumulated in other comprehensive income are expected to be reclassified to earnings during the next twelve months as a result of expected gains or losses on underlying hedged transactions also being recorded in earnings. Actual amounts ultimately reclassified to earnings are dependent on the applicable rates in effect when derivatives contracts that are currently outstanding mature. As of December 28, 2003, the maximum term over which we are hedging exposures to the variability of cash flows for all forecasted and recorded transactions is 10 years.

We are exposed to credit-related losses in the event of non-performance by counterparties to hedging instruments and do not enter into master netting arrangements. The counterparties to derivative transactions are major financial institutions with investment grade credit ratings of at least A, A2 or better. However, this does not eliminate our exposure to credit risk with these institutions. This credit risk is generally limited to the unrealized gains in such contracts should any of these counterparties fail to perform as contracted. To manage this risk, we have established counterparty credit guidelines that are monitored and reported to management according to prescribed guidelines. We utilize a portfolio of financial institutions either headquartered or operating in the same countries we conduct our business. As a result of the above considerations, we consider the risk of counterparty default to be minimal.

On May 7, 2002, we entered into certain cross currency swaps totaling 530 million GBP (approximately $774 million at the date of entering the transaction). The swaps included an initial exchange of principal on the settlement date of our 6⅜% private placement fixed rate debt and will require final principal exchange 10 years later. See Note 4, "Debt." The swaps also call for an exchange of fixed GBP interest payments for fixed US dollar interest receipts. At the initial principal exchange, we paid US dollars to a counterparty and received GBP. Upon final exchange, we will provide GBP to the counterparty and receive US dollars. The cross currency swaps have been designated as cash flow hedges of the changes in value of the future GBP interest and principal receipts that results from changes in the US dollar to GBP exchange rates on an intercompany loan between us and our Europe subsidiary.

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

On May 28, 2002, we entered into an interest rate swap agreement related to our 6⅜% fixed rate debt. The interest rate swap converted $76.2 million notional amount from fixed rates to floating rates and matures in 2012. We will receive fixed US dollar interest payments semi-annually at a rate of 6⅜% per annum and pay a rate to our counterparty based on a credit spread of 0.789% plus the three-month LIBOR rate, thereby exchanging a fixed interest obligation for a floating interest rate obligation. There was no exchange of principal at the inception of the swap. We designated the interest rate swap as a fair value hedge of the changes in the fair value of the $76.2 million fixed rate debt attributable to changes in the LIBOR swap rates.

12. Other Comprehensive Income (Loss)

(In thousands)	Foreign currency translation adjustments	Unrealized gain (loss) on available-for-sale securities and derivative instruments	Minimum pension liability adjustment	Accumulated other comprehensive income (loss)
Balances, December 31, 2000	$ (371)	$ 3,633	$ –	$ 3,262
Foreign currency translation adjustments	22			22
Unrealized loss on available-for-sale securities and derivative instruments		(4,003)		(4,003)
Minimum pension liability adjustment			(13,668)	(13,668)
Reclassification adjustment – available-for-sale securities and derivatives instruments		(7,900)		(7,900)
Tax (expense) benefit	(8)	4,523	5,181	9,696
Balances, December 30, 2001	(357)	(3,747)	(8,487)	(12,591)
Foreign currency translation adjustments	71,035			71,035
Unrealized gain on available-for-sale securities and derivative instruments		25,136		25,136
Minimum pension liability adjustment			(345,343)	(345,343)
Reclassification adjustment – available-for-sale securities and derivative instruments		8,172		8,172
Tax (expense) benefit	(151)	(12,957)	133,251	120,143
Balances, December 29, 2002	70,527	16,604	(220,579)	(133,448)
Foreign currency translation adjustments	95,180			95,180
Unrealized gain on derivative instruments		282		282
Minimum pension liability adjustment			(11,258)	(11,258)
Reclassification adjustment on derivative instruments		7,112		7,112
Effect of foreign currency fluctuation on foreign-denominated pension			(9,239)	(9,239)
Tax (expense) benefit	52,623	(2,877)	5,466	55,212
Balances, December 28, 2003	**$218,330**	**$ 21,121**	**$(235,610)**	**$ 3,841**

13. Segment and Geographic Information

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

The Americas segment primarily consists of production, marketing and sales of the Coors family of brands in the United States and its territories. This segment also includes the Coors Light business in Canada that is conducted through a partnership investment with Molson and the sale of Molson products in the United States that is conducted through a joint venture investment with Molson. There are also a small amount of CBC products that are exported and sold outside of the United States and its possessions, excluding Europe, included in the Americas.

The Europe segment consists of our production and sale of the CBL brands principally in the United Kingdom but also in other parts of the world, our joint venture arrangement relating to the production and distribution of Grolsch in the United Kingdom and Republic of Ireland, and our joint venture arrangement with Tradeteam for the physical distribution of products throughout Great Britain.

Corporate unallocated expenses currently consist of interest, taxes and certain other corporate costs in both the United States and the United Kingdom. The large majority of these corporate costs relate to finance and other administrative functions.

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

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

(In thousands, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Income statement information			
Americas			
Net sales	$2,409,595	$2,400,849	$2,422,282
Income before income taxes	221,208	219,004	210,055
Europe			
Net sales	1,590,518	1,375,473	7,180
Interest income[1]	17,156	16,390	–
Income (loss) before income taxes	137,702	129,073	(8,160)
Total operating segments			
Net sales from operating segments	4,000,113	3,776,322	2,429,462
Income before income taxes from operating segments	358,910	348,077	201,895
Corporate			
Interest income	2,089	4,797	16,409
Income expense	(81,195)	(70,919)	(2,006)
Other unallocated expense	(25,986)	(25,355)	(18,285)
Total consolidated income before income taxes	$ 253,818	$ 256,600	$ 198,013

[1] *Related primarily to interest on trade loans.*

(In thousands, as of)	Dec. 28, 2003	Dec. 29, 2002
Balance sheet information		
Americas		
Total assets	$1,618,359	$1,539,973
Europe		
Total assets	2,867,867	2,757,438
Total		
Total consolidated assets	$4,486,226	$4,297,411

(In thousands, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Cash flow information[1]			
Americas			
Depreciation, depletion and amortization	$125,151	$127,592	$121,011
Capital expenditures	94,419	152,228	244,519
Europe			
Depreciation and amortization	111,670	99,540	80
Capital expenditures	146,039	94,614	29
Total			
Depreciation, depletion and amortization	236,821	227,132	121,091
Capital expenditures	$240,458	$246,842	$244,548

1 *Depreciation, depletion and amortization amounts do not reflect amortization of bond discounts, fees, or other debt-related items. Capital expenditures include additions to properties and intangible assets.*

The following tables represent sales and long-lived assets by geographic segment:

(In thousands, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002	Dec. 30, 2001
Net sales to unaffiliated customers[1]			
United States and its territories	$2,325,874	$2,328,664	$2,355,091
United Kingdom	1,575,710	1,357,918	7,221
Other foreign countries	98,529	89,740	67,150
Net sales	$4,000,113	$3,776,322	$2,429,462

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

(In thousands, as of)	Dec. 28, 2003	Dec. 29, 2002
Long-lived assets[1]		
United States and its territories	$ 904,702	$ 804,941
United Kingdom	545,968	774,005
Other foreign countries	218	250
Total long-lived assets	$1,450,888	$1,579,196

1 *Long-lived assets include tangible assets.*

14. Commitments and Contingencies

Letters of Credit As of December 28, 2003, we had approximately $9.1 million outstanding in letters of credit with financial institutions. These letters expire at different points in 2004, but contain a feature that automatically renews the letters for an additional year if no cancellation notice is submitted. These letters of credit are being maintained as security for reimbursements to insurance companies, for deductibles or retention payments made on our behalf, and for operations of underground storage tanks.

Power Supplies In 1995, Coors Energy Company (CEC), a wholly owned subsidiary, entered into a 10-year agreement to purchase 100% of the Company's Golden facility's coal requirements from Appalachian Fuels (formerly Bowie Resources Ltd.). The coal then is sold to Trigen-Nations Energy Company, L.L.L.P. (Trigen). We have an agreement to purchase the electricity and steam needed to operate the brewery's Golden facilities through 2020 from Trigen. Our financial commitment under this agreement is divided between a fixed, non-cancelable cost, which adjusts annually for inflation, and a variable cost, which is generally based on fuel cost and our electricity and steam use. Total purchases, fixed and variable, under this contract in 2003, 2002 and 2001 were $32.1 million, $28.0 million, and $29.8 million, respectively.

Notes to Consolidated Financial Statements

Supply Contracts We have various long-term supply contracts with unaffiliated third parties and our joint ventures to purchase materials used in production and packaging, such as starch, cans, ends and glass. The supply contracts provide that we purchase certain minimum levels of materials throughout the terms of the contracts. The approximate future purchase commitments under these supply contracts are:

(In thousands)	Amount
2004	$ 551,138
2005	525,836
2006	524,836
2007	418,836
2008	418,836
Thereafter	1,904,508
Total	$4,343,990

Our total purchases under these contracts in 2003, 2002 and 2001 were approximately $544.9 million, $583.0 million, and $243.3 million, respectively.

Third-Party Logistics Contract We are consolidating portions of our warehousing into two separate contracts with Exel Logistics, Inc. The contracts provide for warehousing services in Ontario, California and Golden, Colorado under seven and five year operating agreements, respectively. We committed to $2.6 million and $5.8 million in operating expenses to the seven and five year operating contracts respectively, in 2003. Only the seven year agreement remains beyond 2003 at $5.8 million per year. Annual reviews of the scope of services with Exel Logistics will determine pricing in future years, limited to 3% increases annually.

England and Wales Distribution Contract and Joint Venture Agreement Tradeteam Ltd., the joint venture between CBL and Exel Logistics, has an exclusive contract with CBL to provide distribution services in England and Wales until at least 2010. The approximate future financial commitments under the distribution contract are as follows:

(In thousands)	Amount
2004	$ 163,650
2005	166,838
2006	170,203
2007	173,568
2008	173,568
Thereafter	322,162
Total	$1,169,989

The financial commitments on termination of the distribution agreement are to essentially take over property, assets and people used by Tradeteam to deliver the service to CBL, paying Tradeteam's net book value for assets acquired.

Graphic Packaging Corporation We have a packaging supply agreement with a subsidiary of Graphic Packaging Corporation (GPC) under which we purchase our paperboard requirements. Our purchases under the packaging agreement in 2003, 2002 and 2001 totaled approximately $106.4 million, $111 million and $125 million, respectively. We expect purchases in 2004 to be approximately the same as 2003. Related accounts payable balances included in Affiliates accounts payable on the Consolidated Balance Sheets were $5.0 million and $0.8 million as of December 28, 2003 and December 29, 2002, respectively.

Advertising and Promotions We have various long-term non-cancelable commitments for advertising and promotions, including marketing at sports arenas, stadiums and other venues and events. At December 28, 2003, the future commitments are as follows:

(In thousands)	Amount
2004	$120,204
2005	71,518
2006	38,257
2007	17,639
2008	4,196
Thereafter	565
Total	$252,379

Leases We lease certain office facilities and operating equipment under cancelable and non-cancelable agreements accounted for as operating leases. Future minimum lease payments under scheduled operating leases that have initial or remaining non-cancelable terms in excess of one year are as follows:

(In thousands)	Amount
2004	$ 21,898
2005	19,801
2006	16,733
2007	11,458
2008	7,213
Thereafter	28,646
Total	$105,749

Total rent expense was $14.3 million, $22.5 million and $11.8 million in 2003, 2002 and 2001, respectively.

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.

We are one of a number of entities named by the Environmental Protection Agency (EPA) as a potentially responsible party (PRP) at the Lowry Superfund site. This landfill is owned by the City and County of Denver (Denver), and 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 cost of $120 million (in 1992 adjusted dollars). We are obligated to pay a portion of future costs in excess of that amount.

In January 2004, Waste Management provided us with updated annual cost estimates through 2032. We reviewed these cost estimates, in conjunction with a third-party expert, in the assessment of our accrual related to this issue. We used certain assumptions 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 and the third-party's best estimates available.

The assumptions used are as follows:

- Trust management costs will be accrued as incurred,
- Income taxes, which we believe not to be an included cost, are not included in the assumptions,
- A 2% inflation rate for future costs, and
- Certain operations and maintenance costs were discounted using a 4.98% risk-free rate of return.

Based on these assumptions, the present value and gross amount of the discounted costs are approximately $1.4 million and $3.3 million, respectively. Accordingly, we believe that the existing accrual is adequate as of December 28, 2003. We did not assume any future recoveries from insurance companies in the estimate of our liability.

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 facts further 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.

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

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.

Litigation Coors and many other brewers and distilled spirits manufacturers have been sued in several courts regarding advertising practices and underage consumption. The suits have all been brought by the same law firm and allege that each defendant intentionally marketed its products to "children and other underage consumers." In essence, each suit seeks, on behalf of an undefined class of parents and guardians, an injunction and unspecified money damages. We will vigorously defend this litigation and it is not possible at this time to estimate the possible loss or range of loss, if any, in the lawsuits.

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, including the above-described advertising practices case, may arise from time to time that may harm our business.

Insurance We are self-insured for certain insurable risks consisting primarily of employee health insurance programs, as well as workers' compensation, general liability, automobile liability and property insurance deductibles or retentions. During 2003 we fully insured future risks for long-term disability, and, in most states, workers' compensation, but maintained a self-insured position for workers' compensation for certain self-insured states and for claims incurred prior to the inception of the insurance coverage in Colorado in 1997.

Regulatory Compliance Review We are in the process of conducting a regulatory compliance review of certain trading practices. The review has not been concluded. In accordance with SFAS No. 5, *Accounting for Contingencies*, the company believes, at this time, it is not probable that a liability will arise from the review. While matters of this nature are always subject to uncertainty, any possible liability is not expected to be material.

15. Quarterly Financial Information (Unaudited)

The following summarizes selected quarterly financial information for each of the two years in the period ended December 28, 2003:

(In thousands, except per share data)	First	Second	Third	Fourth	Year
2003					
Sales – domestic and international	$1,100,855	$1,469,371	$1,420,191	$1,396,803	$ 5,387,220
Beer excise taxes	(272,714)	(368,995)	(371,467)	(373,931)	(1,387,107)
Net sales	828,141	1,100,376	1,048,724	1,022,872	4,000,113
Cost of goods sold	(559,474)	(683,087)	(658,016)	(686,206)	(2,586,783)
Gross profit	$ 268,667	$ 417,289	$ 390,708	$ 336,666	$ 1,413,330
Net income	$ 806	$ 76,342	$ 61,428	$ 36,081	$ 174,657
Net income per share – basic	$ 0.02	$ 2.10	$ 1.69	$ 1.00	$ 4.81
Net income per share – diluted	$ 0.02	$ 2.09	$ 1.68	$ 0.98	$ 4.77
2002					
Sales – domestic and international	$ 944,256	$1,363,025	$1,322,722	$1,326,944	$ 4,956,947
Beer excise taxes	(198,434)	(315,256)	(321,124)	(345,811)	(1,180,625)
Net sales	745,822	1,047,769	1,001,598	981,133	3,776,322
Cost of goods sold	(482,344)	(640,020)	(636,094)	(656,072)	(2,414,530)
Gross profit	$ 263,478	$ 407,749	$ 365,504	$ 325,061	$ 1,361,792
Net income	$ 27,203	$ 67,616	$ 46,619	$ 20,215	$ 161,653
Net income per share – basic	$ 0.76	$ 1.87	$ 1.29	$ 0.55	$ 4.47
Net income per share – diluted	$ 0.75	$ 1.84	$ 1.28	$ 0.55	$ 4.42

16. Coors Brewers Limited Acquisition

On February 2, 2002, we acquired 100% of the outstanding shares of Bass Holdings Ltd. and certain other intangible assets from Interbrew, for a total purchase price of 1.2 billion GBP (approximately $1.7 billion at then prevailing exchange rates), plus associated fees and expenses. The acquisition supported one of our key strategic goals of growing our beer business internationally to broaden our geographic platform; diversify revenues, profits and cash flows and increase our brand portfolio, which we believe will significantly enhance our competitive position in a consolidating worldwide beer industry.

One of the factors that contributed to a purchase price that resulted in the recognition of goodwill was the existence of financial and operating synergies. In addition to these synergies, there were a number of other factors – including the existence of a strong management team, a proven track record of introducing and marketing successful brands, an efficient sales and distribution system, complementary products and a good sales force.

The business, renamed CBL, included the majority of the assets that previously made up Bass Brewers, including the Carling, Worthington and Caffrey's beer brands; the United Kingdom and Republic of Ireland distribution rights to Grolsch (via and subject to the continuation of a joint venture arrangement, in which CBL has a 49% interest, with Royal Grolsch N.V.); several other beer and flavored-alcohol beverage brands; related brewing and malting facilities in the United Kingdom; and a 49.9% interest in the distribution logistics provider, Tradeteam. CBL is the second-largest brewer in the United Kingdom based on total beer volume, and Carling lager is the best-selling beer brand in the United Kingdom. The brand rights for Carling, which is the largest acquired brand by volume, are mainly for territories in Europe. The addition of CBL creates a stronger, broader, more diversified company in a highly competitive and consolidating global beer market.

The results of CBL operations have been included in the consolidated financial statements since February 2, 2002, the date of acquisition. The following table shows the unaudited pro forma results of our consolidated operations for the fiscal year ended December 29, 2002, as if the business combination had occurred at the beginning of that fiscal year, as well as comparative actual consolidated results for the fiscal year ended December 28, 2003, when we owned CBL for the whole period. The 2002 pro forma results are not necessarily indicative of the results of operations that would have occurred if the business combination had occurred at the beginning of that year and are not intended to be indicative of future results of operations.

(In thousands, except per share data, fiscal year ended)	Dec. 28, 2003	Dec. 29, 2002
Net sales	$4,000,113	$3,857,593
Pretax income	$ 253,818	$ 234,833
Net income	$ 174,657	$ 148,452
Net income per common share		
Basic	$ 4.81	$ 4.11
Diluted	$ 4.77	$ 4.06

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

(In millions, as of)	Feb. 2, 2002
Current assets	$ 546
Property, plant and equipment	442
Other assets	398
Intangible assets	415
Goodwill	637
Total assets acquired	2,438
Current liabilities	(425)
Non-current liabilities	(279)
Total liabilities assumed	(704)
Net assets acquired	$1,734

Of the $415 million of acquired intangible assets, approximately $390 million has been assigned to brand names and distribution rights. The remaining $25 million was assigned to patents and technology and distribution channels. Approximately $286 million of the $390 million brand name and distribution rights value has been determined to have an indefinite life and accordingly will not be amortized. The remaining $104 million brand names and distribution rights value will be amortized over a weighted average useful life of approximately 12 years. The $25 million value for patents and technology and distribution channels will be amortized over a weighted average useful life of approximately 8 years.

We engaged the services of a professional appraiser to assist us in determining the value of the intangible assets acquired in the acquisition of CBL. The fair value of the acquired intangible brand assets were determined primarily from the discounted value of projected cash flows. A weighted average cost of capital of 8.75% was used to discount projected cash flows. Cash flows were projected using management's best estimates of sales growth or declines for each brand over its expected life. The lives of the assets were determined by an evaluation of significant factors that could impact the life of the brand.

The cost approach was used to determine the value of the customer base using the estimated cost to recruit a customer. Technology, unfavorable leaseholds, contracts and other less significant intangible assets were valued using a present value approach of the returns or costs of the underlying assets. Goodwill was valued using the residual method.

We finalized the purchase price accounting relative to the CBL acquisition in the fourth quarter of 2002. Significant purchase price adjustments included an $83.4 million increase of goodwill related to the pension plan actuarial valuation, a $2.7 million decrease of goodwill for certain restructuring plans and a $4.3 million increase of goodwill for adjustments to the fair value of assets acquired.

Goodwill of $637 million was assigned to the Europe and Americas segments in the amounts of approximately $522 million and $115 million, respectively. See Note 17, “Goodwill and Intangible Assets,” for further discussion of allocation. It is currently expected that none of the goodwill will be deductible for tax purposes. A valuation allowance of approximately $40 million was recorded against deferred tax assets arising from the acquisition.

In 2002, we closed our Cape Hill brewery and Alloa malting facility acquired as part of CBL. The Alloa malting facility was closed in June 2002 and was sold in July 2002 for $375,000. The majority of the production at the Cape Hill brewery related to brands that were retained by Interbrew, the previous owner of CBL. Liabilities recorded as part of purchase price accounting are:

(In millions)	Amount
Cape Hill	
Employee severance and related costs	$15.6
Contract cancellation costs	0.2
Total	15.8
Alloa Maltings	
Employee severance and related costs	0.7
Lease termination costs	0.8
Total	1.5
Grand total	$17.3

Closure of the Cape Hill brewery commenced in July 2002 with the shut down of the kegging line. All production ceased in December 2002, at which time the assets were re-classified as held-for-sale. The site is currently being held for sale at a carrying value of approximately $39 million. The payment of severance and other termination benefits started in July 2002 with the closure of the kegging line, and were substantially completed in 2003. We have a potential buyer and expect disposition to be completed during 2005, possibly earlier, depending on obtaining agreement with government authorities on zoning issues. The costs associated with these closures that were paid during 2003 and 2002 consisted predominately of severance costs and approximated $5.5 million and $3.2 million, respectively.

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

Term	Facility currency denomination	Amount (in millions)
5-year amortizing term loan	USD	$ 478
5-year amortizing term loan (228 million GBP)	GBP	322
9-month bridge facility	USD	750
		$1,550

In conjunction with the term loan and bridge facility, we incurred financing fees of approximately $9.0 million and $0.5 million, respectively. These fees were amortized over the respective terms of the borrowings using the effective interest method. On May 7, 2002, we repaid our nine-month bridge facility through the issuance of long-term financing. We also repaid the balance of our GBP-denominated amortizing term loan during 2003. See Note 4, “Debt,” for further information about debt-related activity.

17. Goodwill and Intangible Assets

The following tables present details of our intangible assets, other than goodwill:

	Dec. 28, 2003			
(In millions)	Useful life (years)	Gross	Accumulated amortization	Net
Intangible assets subject to amortization				
Brands	3 – 20	$ 93.9	$(21.4)	$ 72.5
Distribution rights	2 – 10	35.4	(10.0)	25.4
Patents and technology and distribution channels	3 – 10	28.2	(7.0)	21.2
Other	5 – 34	16.7	(7.1)	9.6
Intangible assets not subject to amortization				
Brands	Indefinite	355.0	–	355.0
Pension	N/A	40.7	–	40.7
Other	Indefinite	27.7	–	27.7
Total		$597.6	$(45.5)	$552.1

Based on December 2003 average foreign exchange rates, the estimated future amortization expense of intangible assets is as follows:

(In millions, fiscal year)	Amount
2004	$24.2
2005	$18.0
2006	$17.1
2007	$13.1
2008	$12.5

Amortization expense of intangible assets was $22.2 million and $20.9 million for the years ended December 28, 2003 and December 29, 2002, respectively.

Upon the acquisition of CBL on February 2, 2002, we recorded $637 million of goodwill. The total goodwill was determined using the residual method under SFAS No. 141 and 142. This goodwill was allocated between our Europe and Americas segments based on which segment would benefit from certain synergies created by the acquisition. A portion of the acquired goodwill was attributable to operating and financial synergies resulting from the combination. The financial synergy goodwill was calculated by comparing the risk premiums expected by investors associated with the CBC business with and without the CBL acquisition. This synergy was then associated with the segments based on an analysis of the Europe segment with and without the weighted average cost of capital differential as well as the two segments' relative earnings contributions. Operating synergies were allocated to reporting units based on where the savings were expected to occur. Application of this methodology resulted is the following allocations:

	Feb. 2, 2002		
(In millions, as of)	Europe	Americas	Total
Goodwill	$445	$ 0	$445
Financial synergies	47	75	122
Operational synergies	30	40	70
Total goodwill	$522	$115	$637

As of December 28, 2003, goodwill was allocated between our reportable segments as follows:

(In millions, balance at)	Dec. 28, 2003	Dec. 29, 2002
Americas	$148.0	$137.4
Europe	648.4	589.7
Total	$796.4	$727.1

Changes in our goodwill from December 29, 2002 to December 28, 2003, were the result of foreign currency exchange rate fluctuations. Changes have been made to the 2002 segmented goodwill balances, which are not reallocations between segments, but rather the reflection of foreign currency adjustments, in order to conform to current year presentation.

Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (SFAS 142), stipulates that we are required to perform goodwill and other intangible asset impairment tests on at least an annual basis and more frequently in certain circumstances. We completed the required impairment testing of goodwill and other intangible assets under SFAS 142 during the third quarter of 2003 and determined that no goodwill or other intangible asset was impaired.

In addition, goodwill related to our joint venture investment with Molson was evaluated during 2003 under Accounting Principles Board Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock* (APB No. 18), and found not to be impaired. Since our acquisition of the joint venture interest, the venture has seen significant volume gains, but its operating results have not met our original expectations. We and our partners continue to evaluate and refine the venture's strategy for 2004 and beyond, and the implications that future assumptions for volume, costs and profit may have on our investment valuation.

18. Subsequent Events

Effective January 1, 2004, we revised our contract with Electronic Data Systems (EDS) to extend EDS' information technology services to include our Europe segment. This effectively globalizes the services that EDS provides to our company through the year 2010, with an option to continue the services through 2012. As with the agreement existing at December 28, 2003, the new agreement will convert fixed costs into variable costs in both our Americas and Europe segments. We continue to believe that our arrangement with EDS allows us to focus on our core business while having access to the expertise and resources of a world-class information technology provider.

During the first quarter of 2004, we experienced an accident at our Golden brewery operation that resulted in injuries to several employees, extensive property damage, and a shut-down of the brewery operation for a short amount of time. We maintain insurance coverage for these types of events, including coverage for costs we incurred to avoid any business interruption. We anticipate that our 2004 results will be negatively impacted by a minimum of $2.0 million to $3.0 million, largely representing our insurance deductibles. We are still evaluating any environmental impact that may have resulted from the accident.

19. Supplemental Guarantor Information

On May 7, 2002, our wholly owned subsidiary, CBC (Issuer), completed a private placement of $850 million principal amount of 6⅜% Senior notes due 2012. The notes were issued with registration rights and were guaranteed on a senior and unsecured basis by Adolph Coors Company (Parent Guarantor) and certain domestic subsidiaries (Subsidiary Guarantors). The guarantees are full and unconditional, and joint and several. A significant amount of the Issuer's income and cash flow is generated by its subsidiaries. As a result, funds necessary to meet the Issuer's debt service obligations are provided in large part by distributions or advances from its subsidiaries. Under certain circumstances, contractual and legal restrictions, as well as our financial condition and operating requirements and those of certain domestic subsidiaries, could limit the Issuer's ability to obtain cash for the purpose of meeting its debt service obligation including the payment of principal and interest on the notes.

Simultaneously with the private placement, we entered into a registration rights agreement pursuant to which we registered the exchange of the notes for substantially identical notes. The exchange of all the notes was completed on September 16, 2002.

The following information sets forth our Condensed Consolidating Balance Sheets as of December 28, 2003 and December 29, 2002 and the Condensed Consolidating Statements of Income and Cash Flows for the fiscal years ended December 28, 2003, December 29, 2002, and December 30, 2001. Investments in our subsidiaries are accounted for on the equity method; accordingly, entries necessary to consolidate the Parent Guarantor, Issuer and all of its subsidiaries are reflected in the elimination column. Separate complete financial statements of the Issuer and the Subsidiary Guarantors would not provide additional material information that would be useful in assessing their financial composition.

Condensed Consolidating Statements of Income

						Dec. 28, 2003
(In thousands, fiscal year ended)	Parent guarantor	Issuer of notes	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
Sales – domestic and international	$ –	$ 2,487,414	$117,118	$ 2,782,688	$ –	$ 5,387,220
Beer excise taxes	–	(393,974)	(1,688)	(991,445)	–	(1,387,107)
Net sales	–	2,093,440	115,430	1,791,243	–	4,000,113
Cost of goods sold	–	(1,316,586)	(85,577)	(1,184,620)	–	(2,586,783)
Equity in subsidiary earnings (loss)	143,382	155,231	–	–	(298,613)	–
Gross profit	143,382	932,085	29,853	606,623	(298,613)	1,413,330
Marketing, general and administrative expense	(492)	(671,770)	(27,714)	(405,983)	–	(1,105,959)
Operating income	142,890	260,315	2,139	200,640	(298,613)	307,371
Interest income	728	72	144	18,301	–	19,245
Interest income (expense)	45,558	(60,645)	8,127	(74,235)	–	(81,195)
Other (expense) income, net	(125)	(62,289)	162,725	(91,914)	–	8,397
Income before income taxes	189,051	137,453	173,135	52,792	(298,613)	253,818
Income tax (expense) benefit	(14,394)	5,603	(54,570)	(15,800)	–	(79,161)
Net income	$174,657	$ 143,056	$118,565	$ 36,992	$(298,613)	$ 174,657

Condensed Consolidating Statements of Income

Dec. 29, 2002

(In thousands, fiscal year ended)	Parent guarantor	Issuer of notes	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
Sales – domestic and international	$ –	$ 2,553,818	$ 71,043	$2,332,086	$ –	$ 4,956,947
Beer excise taxes	–	(398,523)	(2,194)	(779,908)	–	(1,180,625)
Net sales	–	2,155,295	68,849	1,552,178	–	3,776,322
Cost of goods sold	–	(1,379,969)	(39,204)	(995,357)	–	(2,414,530)
Equity in subsidiary earnings (loss)	142,233	94,158	–	–	(236,391)	–
Gross profit	142,233	869,484	29,645	556,821	(236,391)	1,361,792
Marketing, general and administrative	(357)	(665,125)	(25,482)	(366,276)	–	(1,057,240)
Special charges, net	–	(6,267)	–	–	–	(6,267)
Operating income	141,876	198,092	4,163	190,545	(236,391)	298,285
Interest income	1,000	1,569	30	18,588	–	21,187
Interest income (expense)	30,396	(46,204)	10,536	(65,647)	–	(70,919)
Other income (expense), net	6,219	27,062	40,067	(65,301)	–	8,047
Income before income taxes	179,491	180,519	54,796	78,185	(236,391)	256,600
Income tax expense	(17,838)	(32,010)	(23,581)	(21,518)	–	(94,947)
Net income	$161,653	$ 148,509	$ 31,215	$ 56,667	$(236,391)	$ 161,653

Condensed Consolidating Statements of Income

Dec. 30, 2001

(In thousands, fiscal year ended)	Parent guarantor	Issuer of notes	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
Sales – domestic and international	$ –	$ 2,544,857	$122,793	$ 175,102	$ –	$ 2,842,752
Beer excise taxes	–	(396,270)	(5,732)	(11,288)	–	(413,290)
Net sales	–	2,148,587	117,061	163,814	–	2,429,462
Cost of goods sold	–	(1,384,854)	(87,085)	(65,684)	–	(1,537,623)
Equity in subsidiary earnings (loss)	110,468	40,156	–	–	(150,624)	–
Gross profit (loss)	110,468	803,889	29,976	98,130	(150,624)	891,839
Marketing, general and administrative	(465)	(654,622)	(27,912)	(34,061)	–	(717,060)
Special charges, net	–	(23,174)	–	–	–	(23,174)
Operating income	110,003	126,093	2,064	64,069	(150,624)	151,605
Gain on sale of distributorship	–	–	27,667	–	–	27,667
Interest income	14,313	1,781	–	315	–	16,409
Interest income (expense)	2,241	(4,236)	(11)	–	–	(2,006)
Other income (expense), net	4,042	28,318	33,077	(61,099)	–	4,338
Income before income taxes	130,599	151,956	62,797	3,285	(150,624)	198,013
Income tax expense	(7,635)	(42,372)	(23,800)	(1,242)	–	(75,049)
Net income	$122,964	$ 109,584	$ 38,997	$ 2,043	$(150,624)	$ 122,964

Notes to Consolidated Financial Statements

Condensed Consolidating Balance Sheets

(In thousands, as of)	Parent guarantor	Issuer of notes	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	Dec. 28, 2003					
Assets						
Current assets						
Cash and cash equivalents	$ 454	$ 802	$ 2,849	$ 15,335	$ –	$ 19,440
Accounts receivable, net	35	45,018	8,990	564,010	–	618,053
Other receivables, net	–	66,483	2,220	64,316	–	133,019
Current deferred tax asset	–	9,417	(61)	3,463	–	12,819
Total inventories	–	109,113	5,619	94,753	–	209,485
Other current assets	–	30,626	484	54,922	–	86,032
Total current assets	489	261,459	20,101	796,799	–	1,078,848
Properties, at cost and net	–	813,996	18,919	617,870	–	1,450,785
Goodwill	–	151,868	(149,974)	794,526	–	796,420
Other intangibles, net	–	66,913	82,782	402,417	–	552,112
Investments in joint ventures	–	95,392	–	98,190	–	193,582
Net investment in and advances to subs	1,285,272	1,851,260	–	–	(3,136,532)	–
Deferred tax asset	18,392	(125)	135,047	51,490	–	204,804
Other non-current assets	5,318	78,698	2,648	123,011	–	209,675
Total assets	$1,309,471	$3,319,461	$ 109,523	$2,884,303	$(3,136,532)	$4,486,226
Liabilities and Shareholders' Equity						
Current liabilities						
Accounts payable	$ –	$ 179,300	$ 1,091	$ 215,813	$ –	$ 396,204
Accrued salaries and vacations	–	47,640	1,203	8,750	–	57,593
Taxes, other than income taxes	–	27,704	715	184,062	–	212,481
Accrued expenses and other liabilities	14,739	103,754	3,456	254,330	–	376,279
Current portion of long-term debt	–	76,855	–	14,310	–	91,165
Total current liabilities	14,739	435,253	6,465	677,265	–	1,133,722
Long-term debt	20,000	1,119,832	(865)	20,871	–	1,159,838
Deferred tax liability	–	–	–	195,523	–	195,523
Other long-term liabilities	7,356	480,401	840	241,170	–	729,767
Total liabilities	42,095	2,035,486	6,440	1,134,829	–	3,218,850
Total shareholders' equity	1,267,376	1,283,975	103,083	1,749,474	(3,136,532)	1,267,376
Total liabilities and shareholders' equity	$1,309,471	$3,319,461	$109,523	$2,884,303	$(3,136,532)	$4,486,226

Condensed Consolidating Balance Sheets

(In thousands, as of)	Parent guarantor	Issuer of notes	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	Dec. 29, 2002					
Assets						
Current assets						
Cash and cash equivalents	$ 161	$ 499	$ 634	$ 57,873	$ –	$ 59,167
Accounts receivable, net	–	95,471	9,974	494,818	–	600,263
Other receivables, net	–	34,167	1,031	69,965	–	105,163
Total inventories	–	101,147	4,217	79,307	–	184,671
Other current assets	397	61,409	–	42,826	–	104,632
Total current assets	558	292,693	15,856	744,789	–	1,053,896
Properties, at cost and net	–	844,206	24,645	511,388	–	1,380,239
Goodwill	–	133,564	(136,729)	730,234	–	727,069
Other intangibles, net	–	70,363	83,990	374,723	–	529,076
Investments in joint ventures	–	94,417	–	96,767	–	191,184
Net investment in and advances to subs	1,068,297	1,721,958	–	–	(2,790,255)	–
Deferred tax asset	2,968	(14,545)	158,187	59,790	–	206,400
Other non-current assets	4,761	83,787	3,488	117,511	–	209,547
Total assets	$1,076,584	$3,226,443	$ 149,437	$2,635,202	$(2,790,255)	$4,297,411
Liabilities and Shareholders' Equity						
Current liabilities						
Accounts payable	$ –	$ 167,037	$ 2,869	$ 164,741	$ –	$ 334,647
Accrued salaries and vacations	–	57,642	1,151	20,208	–	79,001
Taxes, other than income taxes	–	29,907	694	147,443	–	178,044
Accrued expenses and other liabilities	67,944	62,655	63,009	218,542	–	412,150
Current portion of long-term debt	–	64,495	–	79,554	–	144,049
Total current liabilities	67,944	381,736	67,723	630,488	–	1,147,891
Long-term debt	20,000	1,363,392	–	–	–	1,383,392
Deferred tax liability	–	–	–	156,437	–	156,437
Other long-term liabilities	6,789	413,673	28	207,350	–	627,840
Total liabilities	94,733	2,158,801	67,751	994,275	–	3,315,560
Total shareholders' equity	981,851	1,067,642	81,686	1,640,927	(2,790,255)	981,851
Total liabilities and shareholders' equity	$1,076,584	$3,226,443	$ 149,437	$2,635,202	$(2,790,255)	$4,297,411

Notes to Consolidated Financial Statements

Condensed Consolidating Statements of Cash Flows

(In thousands, fiscal year ended)	Parent guarantor	Issuer of notes	Subsidiary guarantors	Subsidiary non-guarantors	Consolidated
					Dec. 28, 2003
Net cash provided by operating activities	$ 32,232	$ 257,794	$ 79,588	$ 174,524	$ 544,138
Cash flows from investing activities					
Additions to properties and intangible assets	–	(92,782)	(1,334)	(146,342)	(240,458)
Proceeds from sales of properties	–	620	10,190	5,594	16,404
Investment in Molson USA, LLC	–	(5,240)	–	–	(5,240)
Other	–	(630)	–	–	(630)
Net cash provided by (used in) investing activities	–	(98,032)	8,856	(140,748)	(229,924)
Cash flows from financing activities					
Issuances of stock under stock plans	2,491	–	–	–	2,491
Dividends paid	(29,820)	–	–	–	(29,820)
Net payments on short-term borrowings	–	(15,100)	–	(69,070)	(84,170)
Proceeds from commercial paper	–	249,645	–	–	249,645
Payments on debt and capital lease obligations	–	(462,547)	–	–	(462,547)
Change in overdraft balances	–	(32,992)	–	–	(32,992)
Net activity in investment and advances (to) from subsidiaries	(4,610)	101,535	(86,687)	(10,238)	–
Net cash used in financing activities	(31,939)	(159,459)	(86,687)	(79,308)	(357,393)
Cash and cash equivalents					
Net increase (decrease) in cash and cash equivalents	293	303	1,757	(45,532)	(43,179)
Effect of exchange rate changes on cash and cash equivalents	–	–	458	2,994	3,452
Balance at beginning of year	161	499	634	57,873	59,167
Balance at end of year	$ 454	$ 802	$ 2,849	$ 15,335	$ 19,440

Condensed Consolidating Statements of Cash Flows

	Dec. 29, 2002				
(In thousands, fiscal year ended)	Parent guarantor	Issuer of notes	Subsidiary guarantors	Subsidiary non-guarantors	Consolidated
Net cash provided by operating activities	$ 12,779	$ 139,888	$ 67,293	$ 38,585	$ 258,545
Cash flows from investing activities					
Sales and maturities of securities	232,758	–	–	–	232,758
Additions to properties and intangible assets	185	(147,798)	(4,469)	(94,760)	(246,842)
Proceeds from sales of properties	–	9,810	1,545	16,002	27,357
Acquisition of CBL, net of cash acquired	–	(115,105)	(92,650)	(1,379,545)	(1,587,300)
Investment in Molson USA, LLC	–	(2,750)	–	–	(2,750)
Other	–	(7,561)	–	–	(7,561)
Net cash provided by (used in) investing activities	232,943	(263,404)	(95,574)	(1,458,303)	(1,584,338)
Cash flows from financing activities					
Issuances of stock under stock plans	15,645	–	–	–	15,645
Dividends paid	(29,669)	–	–	–	(29,669)
Proceeds from issuance of debt	–	2,391,934	–	–	2,391,934
Proceeds from short-term borrowings	–	250,900	–	80,433	331,333
Payments on debt and capital lease obligations	(85,000)	(1,293,075)	–	(1,643)	(1,379,718)
Debt issuance costs	(185)	(9,889)	–	–	(10,074)
Change in overdraft balances	–	(27,783)	–	–	(27,783)
Net activity in investment and advances (to) from subsidiaries	(204,917)	(1,192,862)	29,411	1,368,368	–
Net cash (used in) provided by financing activities	(304,126)	119,225	29,411	1,447,158	1,291,668
Cash and cash equivalents					
Net (decrease) increase in cash and cash equivalents	(58,404)	(4,291)	1,130	27,440	(34,125)
Effect of exchange rate changes on cash and cash equivalents	–	–	(1,220)	17,379	16,159
Balance at beginning of year	58,565	4,790	724	13,054	77,133
Balance at end of year	$ 161	$ 499	$ 634	$ 57,873	$ 59,167

Notes to Consolidated Financial Statements

Condensed Consolidating Statements of Cash Flows

	Dec. 30, 2001				
(In thousands, fiscal year ended)	Parent guarantor	Issuer of notes	Subsidiary guarantors	Subsidiary non-guarantors	Consolidated
Net cash (used in) provided by operating activities	$ (32,582)	$ 189,288	$ 41,922	$ (5,232)	$ 193,396
Cash flows from investing activities					
Purchases of investments	(228,237)	–	–	–	(228,237)
Sales and maturities of securities	268,093	–	–	–	268,093
Additions to properties and intangible assets	522	(230,593)	(13,934)	(543)	(244,548)
Proceeds from sales of properties and intangible assets	–	20,060	43,469	–	63,529
Investment in Molson USA, LLC	–	(65,000)	–	–	(65,000)
Other	–	7,589	–	1,825	9,414
Net cash provided by (used in) investing activities	40,378	(267,944)	29,535	1,282	(196,749)
Cash flows from financing activities					
Issuances of stock under stock plans	10,701	–	–	–	10,701
Purchases of treasury stock	(72,345)	–	–	–	(72,345)
Dividends paid	(29,510)	–	–	–	(29,510)
Change in overdraft balances	–	51,551	–	–	51,551
Net activity in investment and advances from (to) subsidiaries	27,377	34,006	(73,054)	11,671	–
Other	–	–	–	759	759
Net cash (used in) provided by financing activities	(63,777)	85,557	(73,054)	12,430	(38,844)
Cash and cash equivalents					
Net (decrease) increase in cash and cash equivalents	(55,981)	6,901	(1,597)	8,480	(42,197)
Effect of exchange rate changes on cash and cash equivalents	–	–	–	(431)	(431)
Balance at beginning of year	114,546	(2,111)	2,321	5,005	119,761
Balance at end of year	$ 58,565	$ 4,790	$ 724	$13,054	$ 77,133

Selected Financial Data

Following are selected financial data for each of the five years in the period ended December 28, 2003:

(In thousands, except per share data)	2003	2002[1]	2001	2000[2]	1999
Consolidated Statement of Operations					
Gross sales	$ 5,387,220	$ 4,956,947	$ 2,842,752	$ 2,841,738	$ 2,642,712
Beer excise taxes	(1,387,107)	(1,180,625)	(413,290)	(427,323)	(406,228)
Net sales	4,000,113	3,776,322	2,429,462	2,414,415	2,236,484
Cost of goods sold	(2,586,783)	(2,414,530)	(1,537,623)	(1,525,829)	(1,397,251)
Gross profit	1,413,330	1,361,792	891,839	888,586	839,233
Marketing, general and administrative	(1,105,959)	(1,057,240)	(717,060)	(722,745)	(692,993)
Special charges, net	–	(6,267)	(23,174)	(15,215)	(5,705)
Operating income	307,371	298,285	151,605	150,626	140,535
Interest (expense) income, net	(61,950)	(49,732)	14,403	14,911	6,929
Other income, net	8,397	8,047	32,005	3,988	3,203
Income before income taxes	253,818	256,600	198,013	169,525	150,667
Income tax expense	(79,161)	(94,947)	(75,049)	(59,908)	(58,383)
Net income	174,657	$ 161,653	$ 122,964	$ 109,617	$ 92,284
Net income per common share – basic	$ 4.81	$ 4.47	$ 3.33	$ 2.98	$ 2.51
Net income per common share – diluted	$ 4.77	$ 4.42	$ 3.31	$ 2.93	$ 2.46
Consolidated Balance Sheet Data					
Cash and cash equivalents and short-term and long-term marketable securities	$ 19,440	$ 59,167	$ 309,705	$ 386,195	$ 279,883
Working capital	$ (54,874)	$ (93,995)	$ 88,984	$ 118,415	$ 220,117
Total assets	$ 4,486,226	$ 4,297,411	$ 1,739,692	$ 1,629,304	$ 1,546,376
Current portion of long-term debt and other short-term borrowings	$ 91,165	$ 144,049	$ 88,038	$ –	$ –
Long-term debt	$ 1,159,838	$ 1,383,392	$ 20,000	$ 105,000	$ 105,000
Shareholders' equity	$ 1,267,376	$ 981,851	$ 951,312	$ 932,389	$ 841,539
Consolidated Cash Flow Data					
Cash provided by operations	$ 544,138	$ 258,545	$ 193,396	$ 280,731	$ 211,324
Cash (used in) investing activities	$ (229,924)	$(1,584,338)	$ (196,749)	$ (297,541)	$ (121,043)
Cash (used in) provided by financing activities	$ (357,393)	$ 1,291,668	$ (38,844)	$ (26,870)	$ (87,687)
Other Information					
Barrels of beer and other beverages sold	32,735	31,841	22,713	22,994	21,954
Dividends per share of common stock	$ 0.820	$ 0.820	$ 0.800	$ 0.720	$ 0.645
Depreciation, depletion and amortization	$ 236,821	$ 227,132	$ 121,091	$ 129,283	$ 123,770
Capital expenditures and additions to intangible assets	$ 240,458	$ 246,842	$ 244,548	$ 154,324	$ 134,377

1 *Results prior to February 2, 2002, exclude Coors Brewers Limited.*
2 *53-week year versus 52-week year.*

Boards of Directors

Adolph Coors Company and Coors Brewing Company

Peter H. Coors
Chairman of the Board,
Adolph Coors Company and
Coors Brewing Company.
Director since 1973.

W. Leo Kiely III
Chief Executive Officer,
Adolph Coors Company.
President and Chief
Executive Officer,
Coors Brewing Company.
Director since 1998.

Charles M. Herington
President and
Chief Executive Officer,
America Online Latin America.
Director since 2003.

Franklin W. Hobbs
Former Chief Executive
Officer,
Houlihan Lokey
Howard & Zukin.
Director since 2001.

Randall Oliphant
Former President and
Chief Executive Officer,
Barrick Gold Corporation.
Director since 2003.

Pamela H. Patsley
President,
First Data International.
Director since 1996.

Wayne R. Sanders
Retired Chairman and
Chief Executive Officer,
Kimberly-Clark Corporation.
Director since 1995.

Dr. Albert C. Yates
Retired President,
Colorado State University.
Director since 1998.

William K. Coors
Director Emeritus

Officers

Adolph Coors Company and Coors Brewing Company*

Peter H. Coors
Chairman of the Board

W. Leo Kiely III
President and
Chief Executive Officer

David G. Barnes
Vice President, Finance ACC
Chief Financial Officer,
Coors U.S. CBC

Michael J. Gannon
Vice President and Treasurer

Peter M.R. Kendall
Vice President,
United Kingdom
and Europe ACC

Robert D. Klugman
Vice President,
Worldwide ACC
Chief Strategy Officer, Global

Annita M. Menogan
Vice President and Secretary

Robert M. Reese
Vice President and
Chief Legal Officer, Global

Mara E. Swan
Vice President and
Chief People Officer, Global

Ronald A. Tryggestad
Vice President and
Controller, Global

Timothy V. Wolf
Vice President and
Chief Financial Officer, Global

**Officer holds equivalent title in both companies unless otherwise noted*

Coors U.S.

Ronald G. Askew
Chief Marketing Officer

David G. Barnes
Chief Financial Officer

Carl L. Barnhill
Chief Revenue Officer

Robert K. Caseria
Chief Supply Chain Officer

Virginia T. Guthrie
Chief Information Officer

Kevin R. Holland
Chief People Officer

Dennis B. Puffer
Chief Operations Officer

Lynn Utter
Chief Strategy Officer

Samuel D. Walker
Chief Legal Officer

Coors Brewers Limited

Peter M.R. Kendall
Chief Executive Officer

Kevin Brownsey
Sales Director, Off-Trade

John Holberry
Sales Director, On-Trade

Mark Hunter
Marketing Director

Katherine MacWilliams
Finance Director

Mark Pearson
Human Resources Director

Martin Thomas
Supply Chain Director

Coors Brewing Worldwide

Peter Swinburn
President

Investor Information

Shareholder Relations
Questions about stock ownership and dividends should be directed to Shareholder Relations, (303) 277-7759. Shareholders may obtain a copy of the Company's 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission by visiting our website, www.coors.com; writing to the Coors Consumer Information Center, Mail No. NH475, Adolph Coors Company, P.O. Box 4030, Golden, Colorado 80401; or by calling (800) 642-6116.

Investor Relations
Securities analysts, investment professionals and shareholders with business-related inquiries regarding Adolph Coors Company should contact Dave Dunnewald or Kevin Caulfield in Investor Relations, (303) 279-6565.

For the latest copy of the Company's annual report to shareholders, visit the Investor Relations section of our website, www.coors.com; write to the Coors Consumer Information Center, Mail No. NH475, Adolph Coors Company, P.O. Box 4030, Golden, Colorado 80401; or call (800) 642-6116.

Customer/News Media Relations
Customers are invited to call our Consumer Information Center, (800) 642-6116, or access our website, www.coors.com, for information about the Company and our products.

The news media should direct questions to Corporate Communications, (303) 277-2555.

The Company is pleased to offer specific information to the public regarding the Company's financial, environmental and social performance, as well as other areas of interest. For example, interested individuals can obtain the Coors Brewing Company Environmental, Health and Safety Progress Report or Corporate Social Performance briefings on a wide range of topics of interest to our customers, investors, neighbors and other stakeholders. Simply visit our website, www.coors.com.

Transfer Agent
EquiServe Trust Company, N.A., Shareholder Services, 150 Royall Street, Canton, Massachusetts 02021 or P.O. Box 43010, Providence, Rhode Island 02940-3010, (781) 575-3400 or (800) 426-5523, or access the website, www.equiserve.com.

Stock Information
Adolph Coors Company Class B common stock is traded on the New York Stock Exchange and is listed under the ticker symbol "RKY." Daily stock prices are listed in major newspapers, generally alphabetically under "Coors B."

Dividends on common stock have historically been paid in the months of March, June, September and December to shareholders of record on the last day of the preceding month.

Shareholders of record as of February 27, 2004: 2,985.

Class B common shares outstanding as of February 27, 2004: 35,620,229.

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

2003	High	Low	Dividends
First Quarter	64.00	46.15	$0.205
Second Quarter	55.12	48.24	$0.205
Third Quarter	57.06	48.08	$0.205
Fourth Quarter	58.00	53.15	$0.205

2002	High	Low	Dividends
First Quarter	67.47	51.92	$0.205
Second Quarter	68.76	59.34	$0.205
Third Quarter	64.18	51.40	$0.205
Fourth Quarter	69.66	56.30	$0.205

Equal Opportunity at Coors
Coors employs 8,500 people worldwide, which includes 3,100 employees of Coors Brewers Limited in the United Kingdom, and maintains a long-standing commitment to equal opportunity in the areas of employment, promotion and purchasing. We enthusiastically support Coors Brewing Company's policy, which prohibits discrimination on the basis of race, color, national origin, sexual orientation, religion, disability, veteran status, gender or age.

Corporate Governance
The Coors Code of Buisness Conduct, the company's code of ethics, can be obtained by visiting our website, www.coors.com. The code is located in the Investor Relations area of the website under "Corporate Governance."

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