MOLSON COORS BREWING CO
Form 10-K
February 19, 2010

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ITEM 8. Financial Statements and Supplementary Data

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal year ended December 26, 2009
OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to .
Commission File Number: 1-14829

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

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

303-927-2337 (Colorado)
514-521-1786 (Québec)
(Registrant's telephone number, including area code)

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

Title of each class	**Name of each exchange on which registered**
Class A Common Stock (voting), $0.01 par value	New York Stock Exchange Toronto Stock Exchange
Class B Common Stock (non-voting), $0.01 par value	New York Stock Exchange Toronto Stock Exchange

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

Title of class
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ý NO o

Indcate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES o NO ý

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

Indcate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indcate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ý NO o

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

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

Indcate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES o NO ý

The aggregate market value of the registrant's publicly-traded stock held by non-affiliates of the registrant at the close of business on June 26, 2009, was $6,268,786,086 based upon the last sales price reported for such date on the New York Stock Exchange and the Toronto Stock Exchange. For purposes of this disclosure, shares of common and exchangeable stock held by persons holding more than 5% of the outstanding shares of stock and shares owned by officers and directors of the registrant as of June 26, 2009 are excluded in that such persons may be deemed to be affiliates. This determination is not necessarily conclusive of affiliate status.

The number of shares outstanding of each of the registrant's classes of common stock, as of February 12, 2010:

Class A Common Stock	2,702,690 shares	Class B Common Stock	160,363,147 shares

Exchangeable shares:

As of February 12, 2010, the following number of exchangeable shares was outstanding for Molson Coors Canada, Inc.:

Class A Exchangeable Shares	3,056,874 shares	Class B Exchangeable Shares	19,366,563 shares

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

Documents Incorporated by Reference: Portions of the registrant's definitive proxy statement for the registrant's 2010 annual meeting of stockholders are incorporated by reference under Part III of this Annual Report on Form 10-K.

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PART I

ITEM 1. Business

Unless otherwise noted in this report, any description of "we", "us" or "our" includes Molson Coors Brewing Company ("MCBC" or the "Company"), principally a holding company, and its operating subsidiaries: Coors Brewing Company ("CBC"), operating in the United States ("U.S.") until June 30, 2008 when MCBC and SABMiller plc ("SABMiller") combined the U.S. and Puerto Rico operations of their respective subsidiaries, CBC and Miller Brewing Company ("Miller"), and the results and financial position of U.S. operations, which had historically comprised substantially all of our U.S. reporting segment were, in all material respects, deconsolidated from MCBC prospectively upon formation of MillerCoors LLC ("MillerCoors"); Molson Coors Brewing Company (UK) Limited ("MCBC-UK"), formerly referred to as Coors Brewers Limited ("CBL"), operating in the United Kingdom ("U.K."); Molson Coors Canada ("MCC"), formerly referred to as Molson Canada ("Molson"), operating in Canada; and our other corporate entities. Any reference to "Coors" means the Adolph Coors Company prior to the 2005 merger with Molson Inc. (the "Merger"). Any reference to Molson Inc. means MCC prior to the Merger. Any reference to "Molson Coors" means MCBC after the Merger.

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

(a) General Development of Business

Molson was founded in 1786, and Coors was founded in 1873. Since each company was founded, we have been committed to producing the highest quality beers. Our brands are designed to appeal to a wide range of consumer tastes, styles and price preferences. Our largest markets are Canada, the United States and the United Kingdom.

Coors was incorporated in June 1913 under the laws of the State of Colorado. In August 2003, Coors changed its state of incorporation to the State of Delaware. During February 2005 upon completion of the Merger, Coors changed its name to Molson Coors Brewing Company.

2009 Developments

Brewers' Retail Inc. ("BRI") is a joint venture beer distribution and retail network for the Ontario region of Canada, owned by MCC, and two other brewers. Due to a change in ownership level of BRI, we deconsolidated this entity from our financial statements as of March 1, 2009 and began to account for it prospectively under the equity method of accounting. See Part II Item 8 Financial Statements and Supplementary Data, Note 6 "VARIABLE INTEREST ENTITIES" to the Consolidated Financial Statements for further discussion.

During the second quarter of 2009, MCBC-UK purchased 50.1% of Cobra Beer Partnership, Ltd ("CBPL"), which owns the United Kingdom and world-wide rights to the Cobra beer brand (with the exception of the Indian sub-continent area). The addition of the Cobra beer brands broadens our specialty beer portfolio and provides access to additional on-premise outlets (primarily ethnic restaurants) in the U.K. We consolidate the results and financial position of CBPL and it is reported within our U.K. operating segment. See Part II Item 8 Financial Statements and Supplementary Data, Note 6 "VARIABLE INTEREST ENTITIES" to the Consolidated Financial Statements for further discussion.

During the fourth quarter of 2009, MCC's subsidiary Creemore Springs entered into an agreement to acquire Granville Island Brewing Company Ltd. and Mainland Beverage Distribution Ltd. (collectively, "Granville Island"). Granville Island is an established craft brewer located in Vancouver, Canada, with distribution throughout the Canadian province of British Columbia. This acquisition expands on our super premium portfolio in Canada. We expect to close on this acquisition in the

second quarter of 2010. Due to certain voting and economic rights, we consolidate the results and financial position of Granville Island and it is reported within our Canada operating segment. See Part II Item 8 Financial Statements and Supplementary Data, Note 6 "VARIABLE INTEREST ENTITIES" to the Consolidated Financial Statements for further discussion.

During the fourth quarter of 2009, MCC sold its 19.9% indirect common ownership interest in the Montréal Canadiens professional hockey team, the Gillett Entertainment Group and certain related assets (collectively, the "Club") to CH Group Limited Partnership / Societe en commandite Group CH (formerly Racine Limited Partnership / Societe en commandite Racine) ("CH Group"), in connection with CH Group's purchase of the 80.1% controlling interest in the Club from an independent third party. The general partner of CH Group and one of its limited partners are entities affiliated with Andrew and Geoff Molson who are both members of the Board of Directors of the Company. MCC received CAD $56.3 million (USD $53.3 million) for its interest in the Club and recorded a gain of CAD $48.7 million (USD $46.0 million) in 2009, which includes amounts held in escrow that we anticipate receiving during 2010. See Part II Item 8 Financial Statements and Supplementary Data, Note 4 "EQUITY INVESTMENTS" to the Consolidated Financial Statements for further discussion.

(b) Financial Information About Segments

MCBC operates the following business segments: Canada, the United States, the United Kingdom, and Molson Coors International ("MCI"), formerly referred to as Global Brand and Market Development (Global Markets). Our MCI results are reported with our Corporate group's results. A separate operating team manages each segment, and each segment manufactures, markets and sells beer and other beverage products.

See Part II Item 8 Financial Statements and Supplementary Data, Note 3 "SEGMENT REPORTING" to the Consolidated Financial Statements for financial information relating to our segments and operations, including geographic information.

(c) Narrative Description of Business

Our financial sales volume from continuing operations totaled 18.8 million hectoliters in 2009, 34.8 million hectoliters in 2008, and 49.0 million hectoliters in 2007. The decrease in sales volume between 2007 and 2008 and between 2008 and 2009 is a result of the formation of MillerCoors on July 1, 2008. The fiscal years ended December 26, 2009, December 28, 2008, and December 30, 2007, were 52 week periods.

See the Executive Summary in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of our volume reporting policy.

No single customer accounted for more than 10% of our consolidated or segmented sales in 2009, 2008, or 2007.

Our Products

MCBC has a diverse portfolio of more than 65 strategic and partner brands, including signature brands *Coors Light, Molson Canadian* and *Carling,* which are positioned to meet a wide range of consumer segments and occasions.

Brands sold in Canada include *Coors Light*, *Canadian*, *Export, Molson Canadian 67, Molson Dry*, *Molson M, Creemore*, *Rickard's Red* and other *Rickard's* brands, *Carling, Pilsner* and a number of other regional brands. We also brew or distribute under license the following brands: *Amstel Light* under license from Amstel Brouwerij B.V., *Heineken* and *Murphy's* under license from Heineken Brouwerijen B.V., *Asahi* and *Asahi Select* under license from Asahi Beer U.S.A. Inc. and Asahi Breweries, Ltd., *Miller Lite*, *Miller Genuine Draft*, *Miller Chill, Milwaukee's Best* and *Milwaukee's Best Dry*

under license from Miller, a subsidiary of SABMiller, and *Foster's* under license from Foster's Group Limited. Through a joint venture agreement with Grupo Modelo, we also import, distribute and market the Modelo beer brand portfolio, including the *Corona, Coronita, Negra Modelo* and *Pacifico* brands, across all Canadian provinces and territories.

MillerCoors sells a wide variety of brands in the U.S. Its flagship premium light brands are *Coors Light* and *Miller Lite*. Brands in the domestic premium segment include *Coors Banquet*, *Miller Genuine Draft* and *MGD 64*. Brands in the domestic super premium segment include *Miller Chill* and *Sparks*. Brands in the below premium segment include *Miller High Life*, *Miller High Life Light, Keystone Light*, *Icehouse*, *Mickey's*, *Milwaukee's Best, Milwaukee's Best Light* and *Old English 800*. Craft and import brands include the *Blue Moon* brands, *Henry Weinhard's*, *George Killian's Irish Red*, the *Leinenkugel's* brands, the *Molson* brands, *Foster's*, *Peroni Nastro Azzurro*, *Pilsner Urquell* and *Grolsch*. Brands in the non-alcoholic segment include *Coors Non-Alcoholic* and *Sharp's*. MCBC assigned the United States and Puerto Rican ownership rights to the legacy Coors brands, including *Coors Light*, *Coors Banquet*, *Keystone Light*, and the *Blue Moon* brands, to MillerCoors. We retained all ownership of these brands outside the United States and Puerto Rico. MillerCoors licenses the right to brew and sell *George Killian's Irish Red*. MCBC sells the *Molson* brands to MillerCoors through related party transactions.

Brands sold in the U.K. include: *Carling*, *C2*, *Coors Light*, *Worthington's*, *White Shield, Caffrey's*, *Kasteel Cru,* and *Blue Moon,* as well as a number of smaller regional ale brands. We also sell the *Grolsch* brands in the United Kingdom through a joint venture with Royal Grolsch N.V. and the *Cobra* brands in the United Kingdom through a joint venture called Cobra Beer Partnership Ltd., and are the exclusive distributor for several brands which are sold under license, including *Sol, Dos Equis, Zatec, Singha* and *Magners Draught Cider*. Additionally, in order to be able to provide a full line of beer and other beverages to our on-premise customers, we sell factored brands in our U.K. segment, which are third party brands for which we provide distribution to retail, typically on a non-exclusive basis. We also have a contract brewing and kegging agreement with Scottish & Newcastle U.K. Ltd. for the *Fosters* and *Kronenbourg* brands.

MCBC also markets and sells several of its brands in various international markets. Brands unique to various international markets include *Zima, Coors Gold,* and *Coors Extra.*

Canada Segment

MCC is Canada's second largest brewer by volume and North America's oldest beer company. MCC has an approximate 40% market share in Canada. MCC brews, markets, sells and nationally distributes a wide variety of beer brands. MCC's portfolio has leading brands in all major product and price segments. MCC's focus and investment is on key owned brands (*Coors Light, Canadian, Molson Dry, Molson Export and Rickard's*) and key strategic distribution partnerships (including Heineken, Corona and Miller). *Coors Light* currently has a 14% market share and is among the top selling beer brands in Canada and *Canadian* currently has an 8% market share and is the third-largest selling beer in Canada.

The Canada segment also includes our partnership arrangements related to the distribution of beer in Ontario, BRI, and the Western provinces, Brewers' Distributor Ltd. ("BDL"). BRI was consolidated in our financial statements until deconsolidation as of March 1, 2009. See Part II Item 8 Financial Statements and Supplementary Data, Note 6 "VARIABLE INTEREST ENTITIES" to the Consolidated Financial Statements for further discussion.

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Sales and Distribution

Canada

In Canada, provincial governments regulate the beer industry, particularly with regard to the pricing, mark-up, container management, sale, distribution, and advertising of beer. Distribution and the retail sale of alcohol products involves a wide range and varied degree of Canadian government control through their respective provincial liquor boards.

Province of Ontario

In Ontario, beer may only be purchased at retail outlets operated by BRI, at government-regulated retail outlets operated by the Liquor Control Board of Ontario, approved agents of the Liquor Control Board of Ontario, or at any bar, restaurant, or tavern licensed by the Liquor Control Board of Ontario to sell liquor for on-premise consumption. MCC, together with certain other brewers, participates in the ownership of BRI in proportion to its provincial market share relative to other brewers in the ownership group. Ontario brewers may deliver directly to BRI's outlets or may choose to use BRI's distribution centers to access retail stores in Ontario, the Liquor Control Board of Ontario system and licensed establishments.

Province of Québec

In Québec, beer is distributed directly by each brewer or through independent agents. MCC is the agent for the licensed brands it distributes. The brewer or agent distributes the products to permit holders for retail sales for on-premise consumption. Québec retail sales for off-premise consumption are made through grocery and convenience stores as well as government operated outlets.

Province of British Columbia

In British Columbia, the government's Liquor Distribution Branch currently controls the regulatory elements of distribution of all alcohol products in the province. BDL which MCC co-owns with a competitor, manages the distribution of MCC's products throughout British Columbia. Consumers can purchase beer at any Liquor Distribution Branch retail outlet, at any independently owned and licensed wine or beer retail store or at any licensed establishment for on-premise consumption. Establishments licensed primarily for on-premise liquor sales may also be licensed for off-premise consumption.

Province of Alberta

In Alberta, the distribution of beer is managed by independent private warehousing and shipping companies or by a government sponsored system in the case of U.S. sourced products. All sales of liquor in Alberta are made through retail outlets licensed by the Alberta Gaming and Liquor Commission or licensees, such as bars, hotels and restaurants. BDL manages the distribution of MCC's products in Alberta.

Other Provinces

MCC's products are distributed in the provinces of Manitoba and Saskatchewan through local liquor boards. Manitoba and Saskatchewan also have licensed private retailers. BDL manages the distribution of MCC's products in Manitoba and Saskatchewan. In the Maritime Provinces (other than Newfoundland), local liquor boards distribute and sell MCC's products. Yukon, Northwest Territories and Nunavat manage distribution and sell through government liquor commissioners.

Manufacturing, Production and Packaging

Brewing Raw Materials

MCC selects global suppliers in order to procure the highest quality materials and services at the lowest prices available. MCC also uses hedging instruments to mitigate the risk of volatility in certain commodities and foreign exchange markets.

MCC sources barley malt from two primary providers, with commitments through 2012. Hops are purchased from a variety of global suppliers in the U.S., Europe, and New Zealand, with commitments through 2010. Other starch brewing adjuncts are sourced from two main suppliers, both in North America. We do not foresee any significant risk of disruption in the supply of these agricultural products. Water used in the brewing process is from local sources in the communities where our breweries operate.

Brewing and Packaging Facilities

MCC has six breweries, strategically located throughout Canada, which brew, bottle, package, market and distribute all owned and certain licensed brands sold in and exported from Canada. See Item 2, "Properties" for further detail.

Packaging Materials

MCC single sources glass bottles and aluminum cans and has a committed supply through 2010 and 2011, respectively. Availability of glass bottles and aluminum cans has not been an issue, and MCC does not expect any difficulties in accessing them. The distribution systems in each province generally provide the collection network for returnable bottles and aluminum cans. The standard container for beer brewed in Canada is the 341 ml returnable bottle, which represents a majority of the approximately 63% of bottle volume sales in Canada. Aluminum cans account for approximately 28% of volume sales in Canada. MCC sells approximately 9% of its beer volume in stainless steel kegs. A limited number of kegs are purchased every year, and there is no long-term supply commitment. Crowns, labels, corrugate, and paperboard are purchased from concentrated sources unique to each product. MCC does not foresee difficulties in accessing these products in the near future.

Seasonality of Business

Total industry volume in Canada is sensitive to factors such as weather, changes in demographics, and consumer preferences. Consumption of beer in Canada is also seasonal with approximately 40% of industry sales volume occurring during the four months from May through August.

Known Trends and Competitive Conditions

Industry and competitive information in this section and elsewhere in this report was compiled from various industry sources. While management believes that these sources are reliable, we cannot guarantee the accuracy of data and estimates obtained from these sources.

2009 Canada Beer Industry Overview

The Canadian brewing industry is a mature market. It is characterized by aggressive competition for volume and market share from regional brewers, microbrewers and certain foreign brewers, as well as Molson's main domestic competitor. These competitive pressures require significant annual investment in marketing and selling activities.

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There are three major beer segments based on price: above premium, which includes most imports; premium, which includes the majority of domestic brands and the light sub-segment; and value.

Since 2001, the premium beer category in Canada has gradually lost volume to the above premium and value (below premium) categories. In 2009, aggressive discounting in the industry has reduced the price gap between the premium and value segments during key selling periods, resulting in a reduction in the size of the value segment, to the benefit of the premium and super premium categories. For each of the five years ended December 31, 2007, Canada beer industry shipments annual average growth rate approximated 1%. 2008 Canada beer industry shipments were consistent with this trend, while 2009 Canada beer industry shipments declined at a rate of less than 1%.

Our Competitive Position

The Canada brewing industry is comprised principally of two major brewers, MCC and Labatt, whose combined market share is approximately 84% of beer sold in Canada. The Ontario and Québec markets account for approximately 62% of the total beer market in Canada.

Our malt beverages also compete with other alcohol beverages, including wine and spirits, and thus our competitive position is affected by consumer preferences between and among these other categories.

United States Segment

Before the formation of MillerCoors, CBC produced, marketed, and sold the Coors portfolio of brands in the United States and its territories, and included the results of the Rocky Mountain Metal Container ("RMMC") and Rocky Mountain Bottle Container ("RMBC") joint ventures. The U.S. segment also included sales of MCC brand products sold in the United States. Effective July 1, 2008, MCBC's equity investment in MillerCoors represents our U.S. operating segment.

MillerCoors is currently the second-largest brewer by volume in the United States, with a market share of nearly 30%. MillerCoors produces, markets, and sells a broad portfolio of brands in the United States and Puerto Rico.

Sales and Distribution

In the United States, beer is generally distributed through a three-tier system consisting of manufacturers, distributors and retailers. A national network of approximately 490 independent distributors purchases MillerCoors' products and distributes them to retail accounts. Approximately 19% of our product is sold on-premise in bars and restaurants, and the other 81% is sold off-premise in liquor stores, convenience stores, grocery stores, and other retail outlets. MillerCoors wholly owns a distributorship, which handled less than 1% of their total volume in 2009.

Manufacturing, Production and Packaging

Brewing Raw Materials

MillerCoors uses the highest quality ingredients to brew its products. MillerCoors malts a portion of its production requirements, using barley purchased under yearly contracts from independent farmers located in the western United States. Other barley, malt, and cereal grains are purchased from suppliers primarily in the United States. Hops are purchased from suppliers in the United States and New Zealand and certain European countries. MillerCoors has water rights to provide for and to sustain brewing operations in case of a prolonged drought in the regions for which they have operations.

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Brewing and Packaging Facilities

There are eight major breweries/packaging facilities which provide MillerCoors products to distributors across the United States and Puerto Rico. MillerCoors imports MCC brands and *Peroni, Pilsner Urquell, Grolsch*, and other smaller import brands from SABMiller.

Packaging Materials

Over half of U.S. products sold were packaged in aluminum cans in 2009. A portion of aluminum cans were purchased from RMMC, a joint venture with Ball Corporation ("Ball"), whose production facility is located near the brewery in Golden, Colorado. In addition to the supply agreement with RMMC, MillerCoors has a commercial supply agreement with Ball to purchase cans and ends in excess of what is supplied through RMMC; these agreements have various expiration dates. The RMMC joint venture agreement is scheduled to expire in 2011. Approximately one-third of U.S. products in 2009 were packaged in glass bottles of which a portion was provided by RMBC, a joint venture with Owens-Brockway Glass Container, Inc. ("Owens"). The joint venture with Owens, as well as a supply agreement with Owens for the glass bottles required in excess of RMBC's production, expires in 2015. The approximate remaining 10% of U.S. production volume sold in 2009 was packaged in quarter, half, and one-sixth barrel stainless steel kegs. A limited number of kegs are purchased each year, and there is no long-term supply agreement. Crowns, labels, corrugate and paperboard are purchased from concentrated sources unique to each product. MillerCoors does not foresee difficulties in accessing packaging products in the future.

Contract Manufacturing

MillerCoors has an agreement with S&P Company whereby MillerCoors will brew, package and ship products for Pabst Brewing Company through March 2014. Additionally, MillerCoors produces beer under contract for our MCI business, Miller Brewing International and Foster's LLC.

Seasonality of the Business

MillerCoors U.S. sales volumes are normally lowest in the winter months (first and fourth quarters) and highest in the summer months (second and third quarters).

Known Trends and Competitive Conditions

Industry and competitive information in this section and elsewhere in this report was compiled from various industry sources and MillerCoors distributors. While management believes that these sources are reliable, we cannot guarantee the accuracy of data and estimates obtained from these sources.

2009 U.S. Beer Industry Overview

The beer industry in the United States is highly competitive, and the two largest brewers, of which MillerCoors is the smaller, represent approximately 80% of the market. The intention of the combination of Miller and Coors in mid-2008 was to create a stronger U.S. brewer with the scale, operational efficiency and distribution platform to compete more effectively against larger brewers, both domestic and global. Growing or even maintaining market share has required increased investments in marketing. For each of the ten years ended December 31, 2007, the U.S. beer industry shipments annual growth rate approximated 1%, compared with growth of less than 1% in 2008 and a decline of approximately 2% in 2009.

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Our Competitive Position

The MillerCoors portfolio of beers competes with numerous above premium, premium, low-calorie, popular priced, non-alcoholic, and imported brands. These competing brands are produced by international, national, regional and local brewers. MillerCoors competes most directly with Anheuser-Busch Inbev ("A-B Inbev"), but also competes with imported and craft beer brands. MillerCoors is the nation's second-largest brewer, selling nearly 30% of the total 2009 U.S. brewing industry shipments (including exports and U.S. shipments of imports). This compares to A-B Inbev's market share of 49%.

MillerCoors' products also compete with other alcohol beverages, including wine and spirits, and thus our competitive position is affected by consumer preferences between and among these other categories. Sales of wine and spirits have grown faster than sales of beer in recent years, resulting in a reduction in the beer segment's lead in the overall alcohol beverage market.

United Kingdom Segment

MCBC-UK is the United Kingdom's third-largest beer company, with unit volume sales of approximately 9.5 million hectoliters in 2009. MCBC-UK has an approximate 19% share of the U.K. beer market, Western Europe's second-largest market. Sales are primarily in England and Wales, with *Carling* (a mainstream lager) representing more than three-fourths of MCBC-UK's total beer volume. The U.K. segment consists of our production and sale of the MCBC-UK brands in the U.K., our joint venture arrangement for the production and distribution of *Grolsch* brands in the U.K. and the Republic of Ireland, our joint venture arrangement for the production and distribution of the *Cobra* brands in the U.K., factored brand sales (beverage brands owned by other companies, but sold and delivered to retail by us), and our Tradeteam joint venture arrangement with DHL (formerly Exel Logistics) for the distribution of products throughout Great Britain.

Sales and Distribution

In the U.K., beer is generally distributed through a two-tier system consisting of manufacturers and retailers. Most of our beer in the U.K. is sold directly to retailers. It is also common in the U.K. for brewers to distribute beer, wine, spirits, and other products owned and produced by other companies ("factored" brands) to the on-premise channel (bars and restaurants). Approximately 33% of MCBC-UK's net sales value in 2009 was composed of factored brands. Factored brand sales are included in our net sales and cost of goods sold when sold but are not included in the reported volumes.

Generally, over the past three decades, volumes have shifted from the higher margin on-premise channel, where products are consumed in pubs and restaurants, to the lower margin off-premise channel, also referred to as the "take-home" market.

On-Premise Market Channel

The on-premise channel accounted for approximately 64% of our U.K. sales volumes in 2009. The on-premise channel has two sub-categories: multiple on-premise and free on-premise. Multiple on-premise refers to those customers who own a number of pubs and restaurants and free on-premise refers to individual owner-operators of pubs and restaurants. In 2009, MCBC-UK sold approximately 61% and 39% of its on-premise volume to multiple and free on-premise customers, respectively. In recent years, pricing competition in the on-premise channel has intensified as the retail pub chains have consolidated. As a result, the larger pub chains have been able to negotiate lower beer prices from brewers. A national smoking ban was enacted in 2007 affecting all pubs and restaurants in the U.K., which has had an unfavorable impact on beer volume sold in this channel.

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The installation and maintenance of draught beer dispensing equipment in the on-premise channel is generally the responsibility of the brewer in the U.K. Accordingly, MCBC-UK owns equipment used to dispense beer from kegs to consumers. This includes beer lines, cooling equipment, taps, and countermounts.

Similar to other U.K. brewers, MCBC-UK has traditionally used loans to secure supply relationships with customers in the on-premise market. Loans are normally granted at below-market rates of interest, with the outlet purchasing beer at lower-than-average discount levels to compensate. We reclassify a portion of sales revenue to interest income to reflect the economic substance of these loans.

Off-Premise Market Channel

The off-premise channel accounted for approximately 36% of our U.K. sales volume in 2009. The off-premise market includes sales to supermarket chains, convenience stores, liquor store chains, distributors, and wholesalers. The off-premise channel has become increasingly concentrated among a small number of super-store chains, placing increasing downward pressure on pricing.

Distribution

Distribution activities for MCBC-UK are conducted by Tradeteam, which operates a system of satellite warehouses and a transportation fleet.

Manufacturing, Production and Packaging

Brewing Raw Materials

We use high quality water, barley and hops to brew our products. During 2009, MCBC-UK produced 100% of its required malt using barley purchased from sources in the U.K. Hops and adjunct starches used in the brewing process are purchased from agricultural sources in the United Kingdom and on the European continent. MCBC-UK does not anticipate difficulties in accessing these agricultural products going forward, although prices have continued to rise over the past year.

We ensure high quality water by obtaining our water from private water sources chosen for their purity. We regularly test to ensure their purity and to confirm that we meet all U.K. private water regulations. Public water supplies are used as back-up to the private supplies in some breweries, and these are again tested regularly.

Brewing and Packaging Facilities

We operate three breweries in the U.K. See Item 2, "Properties" for further detail. Product sold in Ireland is produced by contract brewers.

Packaging Materials

We used kegs and casks for approximately 56% of our U.K. products in 2009, reflecting a high percentage of product sold on-premise. Approximately 35% of our U.K. products were packaged in steel cans with aluminum ends in 2009. All of our cans are purchased through a supply contract with Ball. Approximately 5% of our U.K. products are packaged in glass bottles purchased through supply contracts with third-party suppliers. The remaining 4% of our U.K. sales are shipped in bulk tanker for other brewers to package. Crowns, labels, corrugate, and paperboard are purchased from concentrated sources unique to each product. MCBC-UK does not foresee difficulties in accessing these or other packaging materials in the foreseeable future.

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Contract Manufacturing

MCBC-UK has an agreement with Heineken UK whereby it will brew and package certain products in Ireland through December 2011.

Seasonality of Business

In the U.K., the beer industry is subject to seasonal sales fluctuations primarily influenced by holidays, weather and by certain major televised sporting events. Peak selling seasons occur during the summer and during the Christmas and New Year holidays.

Known Trends and Competitive Conditions

Industry and competitive information in this section and elsewhere in this report was compiled from various industry sources. While management believes that these sources are reliable, we cannot guarantee the accuracy of data and estimates obtained from these sources.

2009 U.K. Beer Industry Overview

The U.K. beer consumption has seen several years of decline driven by a number of factors, including changes in consumers' lifestyles, falling discretionary income and pressure from other drinks categories, notably wine. The beer market in 2009 declined by 3.8%, with the On Trade 5% down and Off Trade 2.4% down, impacted by poor summer weather and worsening economic conditions. A widening price differential between the on-premise (higher prices) and the off-premise (lower prices) has tended to benefit off-premise sales. For each of the ten years ended December 31, 2007, UK beer industry shipments declined at an average rate of between 1% and 2%, compared with declines of approximately 6% and 4% in 2008 and 2009, respectively.

The industry has also experienced a steady trend away from ales and toward lagers. Sales of lagers accounted for 74% of the U.K. market in 2009.

Our Competitive Position

Our beers compete not only with similar products from competitors, but also with other alcohol beverages, including wines, spirits, and ciders. With the exception of stout, where we do not have our own brand, our brand portfolio gives us strong representation in all major beer categories. Our strength in the growing lager category with *Carling*, *Grolsch*, *Coors Light* and *Cobra* positions us well to take advantage of the continuing trend toward lagers. Our portfolio has been strengthened by the introduction of a range of imported and specialty beer brands, such as *Singha* and *Cobra*. Our principal competitors are Scottish & Newcastle U.K. Ltd., Inbev U.K. Ltd., and Carlsberg U.K. Ltd. with market shares of approximately 26%, 20%, and 13%, respectively compared to our share of 19% (excluding factored brands).

Molson Coors International ("MCI") and Corporate

MCI was formerly known and referred to within our financial statements as Global Brands and Market Development ("Global Markets").

The objectives of MCI are to grow and expand our business and brand portfolios in developing markets. Our current businesses in Asia, continental Europe, Mexico and the Caribbean (excluding Puerto Rico) are included in MCI and combined with our corporate business activities for reporting purposes. Corporate also includes corporate interest and certain other general and administrative costs that are not allocated to any of the operating segments.

Asia

Our Japanese business is currently focused on the *Zima* and *Coors* brands. Our business in China is principally focused on *Coors Light*. Product sold in Japan is contract brewed by SAB Miller Vietnam

and product sold in China is contract brewed by a third party in China. We have a license partnership in Philippines and plan to re-enter Vietnam with a local commercial partner and contract brewer. The small amount of remaining volume sold in Asia is exported from the U.S. under a brewing agreement with MillerCoors.

Europe

Our business within continental Europe is focused on growing *Coors Light*. Key countries include Spain and Scandinavia. We continue to sell *Carling*, *Caffreys* and *Worthingtons* to UK tourist destinations including Spain, Greece and Cyprus. The Europe business also supplies beer to UK Military operations globally. All products are brewed by and exported from our MCBC-UK breweries through agreements with independent distributors.

Mexico, Central America and the Caribbean

Coors Light is sold in Mexico through an exclusive licensing agreement with Cerveceria Cuauhtemoc Moctezuma, S.A. de C.V. ("CCM"), a subsidiary of FEMSA Cerveza. In addition, our products sold in a number of Caribbean islands and the Panama market are produced under a brewing agreement by MillerCoors and are exported to and sold through agreements with independent distributors.

Corporate

Corporate includes interest and certain other general and administrative costs that are not allocated to any of the operating segments. The majority of these corporate costs relate to worldwide administrative functions, such as corporate affairs, legal, human resources, accounting, treasury, insurance and risk management. Corporate also includes certain royalty income and administrative costs related to the management of intellectual property.

Other Information

Global Intellectual Property

We own trademarks on the majority of the brands we produce and have licenses for the remainder. We also hold several patents on innovative processes related to product formula, can making, can decorating, and certain other technical operations. These patents have expiration dates through 2021. We are not reliant on royalties or other revenue from third parties for our financial success. Therefore, these expirations are not expected to have a significant impact on our business.

Regulation

Canada

In Canada, provincial governments regulate the production, marketing, distribution, selling, and pricing of beer (including the establishment of minimum prices), and impose commodity taxes and license fees in relation to the production and sale of beer. In 2009, Canada excise taxes totaled $539.5 million or $61.73 per hectoliter sold. In addition, the federal government regulates the advertising, labeling, quality control, and international trade of beer, and also imposes commodity taxes, consumption taxes, excise taxes, and in certain instances, custom duties on imported beer. Further, certain bilateral and multilateral treaties entered into by the federal government, provincial governments and certain foreign governments, especially with the United States, affect the Canadian beer industry.

United States

In the U.S., the beer business is regulated by federal, state, and local governments. These regulations govern many parts of MillerCoors operations, including brewing, marketing and advertising,

transportation, distributor relationships, sales, and environmental issues. To operate their facilities, they must obtain and maintain numerous permits, licenses and approvals from various governmental agencies, including the U.S. Treasury Department; Alcohol and Tobacco Tax and Trade Bureau; the U.S. Department of Agriculture; the U.S. Food and Drug Administration; state alcohol regulatory agencies; and state and federal environmental agencies.

Governmental entities also levy taxes and may require bonds to ensure compliance with applicable laws and regulations. U.S. federal excise taxes on malt beverages currently approximate $15 per hectoliter. State excise taxes are levied at varying rates with an average rate of approximately $2 per hectoliter in 2009.

United Kingdom

In the U.K., regulations apply to many parts of our operations and products, including brewing, food safety, labeling and packaging, marketing and advertising, environmental, health and safety, employment, and data protection regulations. To operate our breweries and carry on business in the U.K., we must obtain and maintain numerous permits and licenses from local Licensing Justices and governmental bodies, including Her Majesty's Revenue & Customs ("HMRC"); the Office of Fair Trading; the Data Protection Commissioner and the Environment Agency.

The U.K. government levies excise taxes on all alcohol beverages at varying rates depending on the type of product and its alcohol content by volume. In 2009, we incurred approximately $848 million in excise taxes on gross revenues of approximately $2.1 billion, or $89.13 per hectoliter.

Environmental Matters

Our operations are subject to a variety of extensive and changing federal, state and local environmental laws, regulations and ordinances that govern activities or operations that may have adverse effects on human health or the environment. Such laws, regulations or ordinances may impose liability for the cost of remediation, and for certain damages resulting from sites of past releases of hazardous materials. Our policy is to comply with all such legal requirements. While we cannot predict our eventual aggregate cost for the environmental and related matters in which we may be or 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. However, there can be no assurance that environmental laws will not become more stringent in the future or that we will not incur material costs in the future in order to comply with such laws. See Part II Item 8 Financial Statements and Supplementary Data, Note 21 "COMMITMENTS AND CONTINGENCIES" to the Consolidated Financial Statements under the caption "*Environmental"* for additional information regarding environmental matters.

Employees and Employee Relations

Canada

We have approximately 2,700 full-time employees in our Canada segment, of which 63% are represented by trade unions. We maintain agreements with the various unions representing workers at each of our facilities. We believe that relations with our Canada employees are good.

United States

We have approximately 190 employees in our corporate headquarters in Denver, Colorado. We believe that relations with our U.S. employees are good.

MillerCoors has approximately 9,000 employees. Approximately 36% of its work force is represented by unions. We believe that MillerCoors' relations with its U.S. employees are good.

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United Kingdom

We have approximately 2,300 employees in our U.K. segment. Approximately 26% of this total workforce is represented by trade unions, primarily at our Burton-on-Trent and Tadcaster breweries. We believe that relations with our U.K. employees are good.

Molson Coors International

We have approximately 350 employees in our MCI business, primarily in Asia (China and Japan) and within our Denver headquarters offices. We believe that relations with our MCI employees are good.

Joint Ventures and Other Existing Arrangements

MillerCoors joint venture

Effective, July 1, 2008, MCBC and SABMiller combined the U.S. and Puerto Rico operations of their respective subsidiaries, CBC and Miller. Each party contributed its business and related operating assets and certain liabilities into an operating joint venture company. The percentage interests in the profits of the joint venture are 58% for SABMiller and 42% for MCBC. Voting interests are shared 50%-50%, and each investing company has equal board representation within MillerCoors. Each party to the joint venture has agreed not to transfer its economic or voting interests in the joint venture for a period of five years, and certain rights of first refusal apply to any subsequent assignment of such interests. Our interest in MillerCoors is accounted for by us under the equity method of accounting. See Part II Item 8 Financial Statements and Supplementary Data, Notes 3 "SEGMENT REPORTING" and 4 "EQUITY INVESTMENTS."

Grupo Modelo joint venture

Effective, January 1, 2008, MCC and Grupo Modelo, S.A.B. de C.V. ("Modelo") established a 50%-50% joint venture, Modelo Molson Imports, L.P. ("MMI"), to import, distribute, and market the Modelo beer brand portfolio across all Canadian provinces and territories. Under this new arrangement, MCC's sales team is responsible for selling the brands across Canada on behalf of the joint venture. Modelo will continue to produce the products sold through the joint venture. The alliance enables MMI to leverage the existing resources and capabilities of MCC to achieve greater distribution coverage in the Western provinces of Canada. MMI is accounted for under the equity method of accounting.

Other existing arrangements

BDL is a distribution operation owned by MCC and one other brewer. Pursuant to an operating agreement, BDL acts as an agent for the distribution of the brewers' products in the western provinces of Canada and is accounted for under the equity method of accounting.

BRI is a joint venture beer distribution and retail network for the Ontario region of Canada, owned by MCC, and two other brewers. See above for 2009 developments related to BRI. BRI is accounted for under the equity method.

Grolsch is a joint venture between MCBC-UK and Royal Grolsch N.V. which markets *Grolsch* branded beer in the United Kingdom and the Republic of Ireland. The majority of the *Grolsch* branded beer is produced by MCBC-UK under a contract brewing agreement, and we consolidate this joint venture in our financial statements.

Cobra is a joint venture that owns the U.K. and world-wide rights to the Cobra beer brand (with the exception of the Indian sub-continent area). We consolidate the results and financial positions of CBPL and it is reported within our U.K. segment.

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To focus on our core competencies in manufacturing, marketing and selling malt beverage products, we have entered into other joint venture arrangements. See Part II Item 8 Financial Statements and Supplementary Data, Note 4 "EQUITY INVESTMENTS" AND Note 6 "VARIABLE INTEREST ENTITIES" for further information.

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

See Part II Item 8 Financial Statements and Supplementary Data, Note 3 "SEGMENT REPORTING" to the Consolidated Financial Statements for discussion of sales, operating income, and identifiable assets attributable to our country of domicile, the United States, and all foreign countries.

(e) Available Information

Our internet website is http://www.molsoncoors.com. Through a direct link to our reports at the SEC's website at http://www.sec.gov, we make available, free of charge on our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the SEC. The foregoing website addresses are provided as inactive textual references only. The information provided on our website (or any other website referred to in this report) is not part of this report and is not incorporated by reference as part of this report.

All of Molson Coors' directors and employees, including its Chief Executive Officer, Chief Financial Officer, and other senior financial officers, are bound by Molson Coors' Code of Business Conduct, which complies with the requirements of the New York Stock Exchange and the SEC to ensure that the business of Molson Coors is conducted in a legal and ethical manner. The Code of Business Conduct covers all areas of professional conduct, including employment policies, conflicts of interest, fair dealing, and the protection of confidential information, as well as strict adherence to all laws and regulations applicable to the conduct of our business. A copy of the Code of Business Conduct is available on the Molson Coors website. Molson Coors endeavors to disclose amendments to, or waivers from, certain provisions of the Code of Business Conduct for executive officers and directors on its website within four business days following the date of such amendment or waiver.

Executive Officers

The following tables set forth certain information regarding our Executive Officers as of February 12, 2010:

Name	Age	Position
Krishnan Anand	52	President of Molson Coors International
Peter H. Coors	63	Chairman of the Board of the Company, Executive Director of Coors Brewing Company, and Chairman of the Board of MillerCoors LLC
Stewart Glendinning	44	Global Chief Financial Officer and a Director of MillerCoors LLC
Ralph P. Hargrow	57	Global Chief People Officer
Mark Hunter	47	President and Chief Executive Officer of Molson Coors Brewing Company (UK) Limited
David Perkins	56	President and Chief Executive Officer of Molson Coors Canada, and a Director of MillerCoors LLC
Peter Swinburn	57	President, Chief Executive Officer and a Director, and a Director of MillerCoors LLC
Gregory L. Wade	61	Global Chief Supply Chain Officer
Samuel D. Walker	51	Global Chief Legal Officer, Corporate Secretary, and Managing Director of MillerCoors LLC

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ITEM 1A. 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:

Risks Specific to Our Company

If Pentland and the Coors Trust do not agree on a matter submitted to stockholders, generally the matter will not be approved, even if beneficial to us or favored by other stockholders. Pentland Securities (a company controlled by Eric Molson, a related party) ("Pentland") and the Coors Trust, which together control more than two-thirds of our Class A common stock and Class A exchangeable shares, have voting trust agreements through which they have combined their voting power over the shares of our Class A common stock and the Class A exchangeable shares that they own. In the event that these two stockholders do not agree to vote in favor of a matter submitted to a stockholder vote (other than the election of directors), the voting trustees will be required to vote all of the Class A common stock and Class A exchangeable shares deposited in the voting trusts against the matter. There is no other mechanism in the voting trust agreements to resolve a potential deadlock between these stockholders. Therefore, if either Pentland or the Coors Trust is unwilling to vote in favor of a transaction that is subject to a stockholder vote, we would be unable to complete the transaction even if our board, management or other stockholders believe the transaction is beneficial for Molson Coors.

Our success as an enterprise depends largely on the success of relatively few products in several mature markets; the failure or weakening of one or more of these products or markets could materially adversely affect our financial results. Our *Canadian* and *Coors Light* brands in Canada, *Miller Lite* and *Coors Light* brands in the U.S., and *Carling* brand in the U.K. represented more than half of each respective segment's sales in 2009. Consequently, any material shift in consumer preferences away from these brands, or from the categories in which they compete, would have a material adverse effect on our business.

Poor investment performance of pension plan holdings and other factors impacting pension plan costs could unfavorably impact liquidity and results of operations. Our costs of providing defined benefit pension plans are dependent upon a number of factors, such as the rates of return on the plans' assets, discount rates, the level of interest rates used to measure the required minimum funding levels of the plans, exchange rate fluctuations, future government regulation, global equity prices, and our required and/or voluntary contributions to the plans. While we comply with the minimum funding requirements, we have certain qualified pension plans with obligations which exceed the value of the plans' assets. Without sustained growth in the pension investments over time to increase the value of the plans' assets, and depending upon the other factors as listed above, we could be required to fund the plans with significant amounts of cash. Such cash funding obligations could have a material impact on our cash flows, credit rating and cost of borrowing, financial position, or results of operations.

We rely on a small number of suppliers to obtain the packaging we need to operate our business. The inability to obtain materials could unfavorably affect our ability to produce our products. We purchase certain types of packaging materials including aluminum, glass and paperboard from a small number of suppliers. Consolidation of the packaging materials suppliers has reduced local supply alternatives and increased risks of supply disruptions. 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.

Consolidation of brewers worldwide may lead to the termination of one or more manufacturer/distribution agreements, which could have a material adverse effect on our business. We manufacture and/or distribute products of other beverage companies through various joint ventures, licensing,

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distribution or other arrangements. The loss of one or more of these arrangements could have a material adverse effect on the results of one or more reporting segments.

Competition in our markets could require us to reduce prices or increase capital and other expenditures or cause us to lose sales volume, any of which could have a material adverse effect on our business and financial results. In addition, in some of our markets, our primary competitors have substantially greater financial, marketing, production and distribution resources than Molson Coors. In all of the markets in which Molson Coors operates, aggressive marketing strategies by our main competitors could adversely affect our financial results. Moreover, each of our major markets is mature, and in each we face large competitors who have greater financial, marketing, and distribution resources and are more diverse in terms of their geographies and brand portfolios.

We may not properly execute, or realize the anticipated $100 million of cost savings or benefits from, our ongoing strategic initiatives. Our success is partly dependent upon properly executing and realizing cost savings or other benefits from the additional cost savings initiatives, called RFGII, identified during 2009. These initiatives are primarily designed to make the company more efficient across the business, which is a necessity in our highly competitive industry. These initiatives are often complex, and a failure to implement them properly may, in addition to not meeting projected cost savings or benefits, result in a strain on the company's sales, manufacturing, logistics, customer service, or finance and accounting functions. Any of these results could have a material adverse effect on the business and financial results of the company.

Changes in tax, environmental or other regulations or failure to comply with existing licensing, trade and other regulations could have a material adverse effect on our financial condition. Our business is highly regulated by federal, state, provincial, and local laws and regulations in various countries regarding such matters as licensing requirements, trade and pricing practices, labeling, advertising, promotion and marketing practices, relationships with distributors, environmental matters, smoking bans at on-premise locations, and other matters. These laws and regulations are subject to frequent re-evaluation and political debate. Failure to comply with existing laws and regulations or changes in these laws and regulations or in tax, environmental, excise tax levels imposed or any other laws or regulations could result in the loss, revocation or suspension of our licenses, permits or approvals and could have a material adverse effect on our business, financial condition, and results of operations. Finally, advocates of prohibition and other severe restrictions on the marketing and sales of alcohol have been increasingly organized on a global basis, seeking to impose regulations to curtail substantially the consumption of alcohol, including beer, in developed and developing markets. To the extent such views gain traction in national regulations where we do or plan to do business, they could have a material, negative impact on our results of operations.

Our consolidated financial statements are subject to fluctuations in foreign exchange rates, most significantly the British pound ("GBP") and the Canadian dollar ("CAD"). We hold assets and incur liabilities, earn revenues and pay expenses in different currencies, most significantly in Canada and in the United Kingdom. Since our financial statements are presented in U.S. Dollars ("USD"), we must translate our assets, liabilities, income and expenses into USD at current exchange rates. Increases and decreases in the value of the USD will affect, perhaps adversely, the value of these items in our financial statements, even if their local currency value has not changed. To the extent that we fail to adequately manage these risks, including if our hedging arrangements do not effectively or completely hedge changes in foreign currency rates, our results of operations may be adversely impacted.

Our operations face significant exposure to changes in commodity prices, which could materially and adversely affect our operating results. We use a large volume of agricultural and other raw materials to produce our products, including barley, barley malt, hops, corn, other various starches, water, and packaging materials, including aluminum, cardboard and other paper products. We also use a significant amount of diesel fuel in our operations. The supply and price of these raw materials and

commodities can be affected by a number of factors beyond our control, including market demand, global geopolitical events (especially as to their impact on crude oil prices and the resulting impact on diesel fuel prices), frosts, droughts and other weather conditions, economic factors affecting growth decisions, plant diseases, and theft. To the extent any of the foregoing factors affect the prices of ingredients or packaging or our hedging arrangements do not effectively or completely hedge changes in commodity price risks, our results of operations could be materially and adversely impacted.

The success of our business relies heavily on brand image, reputation, and product quality. It is important we have the ability to maintain and increase the image and reputation of our existing products. Concerns about product quality, even when unsubstantiated, could be harmful to our image and reputation of our products. Deterioration to our brand equity may have a material effect on our operations and financial results.

Due to a high concentration of unionized workers in the United Kingdom, Canada and at MillerCoors in the U.S., we could be significantly affected by labor strikes, work stoppages, or other employee-related issues. Approximately 63%, 26% and 36% of the MCC, MCBC-UK and MillerCoors workforces, respectively, are represented by trade unions. Although we believe relations with our employees and the MillerCoors employees are good, stringent labor laws in the U.K. expose us to a greater risk of loss should we experience labor disruptions in that market.

Changes to the regulation of the distribution systems for our products could adversely impact our business. In 2006, the U.S. Supreme Court ruled that certain state regulations of interstate wine shipments are unlawful. As a result of this decision, states may alter the three-tier distribution system that has historically applied to the distribution of products now sold through MillerCoors (including our non-U.S. products). Changes to the three-tier distribution system could have a materially adverse impact on MillerCoors. Further, in certain Canadian provinces, our products are distributed through joint venture arrangements that are mandated and regulated by provincial government regulators. If provincial regulation should change, effectively eliminating the distribution channels, the costs to adjust our distribution methods could have a material adverse impact on our business.

Changes in various supply chain standards or agreements could adversely impact our business. Our business includes various joint venture and industry agreements which standardize parts of the supply chain system. This includes examples such as the returnable bottle system in Canada, as well as warehousing and customer delivery systems organized under joint venture agreements with other brewers. Any change in these agreements could have a material adverse impact on our business.

Because of our reliance on third-party service providers for certain administrative functions, we could experience a disruption to our business. We rely exclusively on one information services provider worldwide for our information technology functions including network, help desk, hardware, and software configuration. We also have outsourced a significant portion of work associated with our finance and accounting, human resources, and other information technology functions to a third-party service provider. If one of these service providers were to fail and we were unable to find a suitable replacement in a timely manner, we could be unable to properly administer our outsourced functions.

We may incur impairments of the carrying value of our goodwill and other intangible assets that have indefinite useful lives. In connection with various business combinations, we have allocated material amounts of the related purchase prices to goodwill and other intangible assets that are considered to have indefinite useful lives. These assets are tested for impairment at least annually, using estimates and assumptions affected by factors such as economic and industry conditions and changes in operating performance. Potential resulting charges could be material and could adversely impact our results of operations.

Climate change and water availability may negatively affect our business. There is concern that a gradual increase in global average temperatures could cause significant changes in weather patterns

around the globe and an increase in the frequency and severity of natural disasters. While warmer weather has historically been associated with increased sales of beer, changing weather patterns could result in decreased agricultural productivity in certain regions which may limit availability or increase the cost of key agricultural commodities, such as hops, barley and other cereal grains, which are important ingredients for our products. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt our supply chain or impact demand for our products. In addition, public expectations for reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs and may require us to make additional investments in facilities and equipment. As a result, the effects of climate change could have a long-term adverse impact on our business and results of operations. There are also water availability risks. Climate change may cause water scarcity and a deterioration of water quality in areas where we maintain brewing operations. The competition for water among domestic, agricultural and manufacturing users is increasing in some of our brewing communities. Even where water is widely available, water purification and waste treatment infrastructure limitations could increase costs or constrain our operations.

Risks Specific to Our Discontinued Operations

Indemnities provided to the purchaser of 83% of the Cervejarias Kaiser Brasil S.A. ("Kaiser") business in Brazil could result in future cash outflows and statement of operations charges. In 2006, we sold our 83% ownership interest in Kaiser to FEMSA Cerveza S.A. de C.V. ("FEMSA"). The terms of the sale agreement require us to indemnify FEMSA for exposures related to certain tax, civil and labor contingencies and certain purchased tax credits. The ultimate resolution of these claims is not under our control. Despite a 2009 Brazilian tax amnesty in which FEMSA is participating, we cannot predict the outcomes of remaining administrative and judicial proceedings that will occur with regard to these claims. These indemnity obligations are recorded as liabilities on our balance sheet however, we could incur future statement of operations charges as facts further develop resulting in changes to our estimates or changes in our assessment of probability of loss on these items as well as due to fluctuations in foreign exchange rates. Due to the uncertainty involved in the ultimate outcome and timing of these contingencies, significant adjustments to the carrying value of our indemnity liabilities and corresponding statement of operations charges/credits could result in the future.

Risks Specific to the Canada Segment

We may experience continued discounting in Canada. The continuation, or the increase of such discounting, in Québec or other in provinces, could adversely impact our business.

Risks Specific to the U.S. Segment and MillerCoors

We may incur unexpected costs or face other business issues from MillerCoors due to challenges associated with integrating operations, technologies, and other aspects of the operations. MillerCoors management team continues to focus on fully integrating the respective Miller and Coors U.S. operations, technologies, and services, as well as their respective distribution networks including the resolution of disputes arising from the consolidation of distributors arising from the MillerCoors joint venture. The failure of MillerCoors to successfully integrate the two operations could adversely affect our financial results or prospects.

We do not fully control the operations and administration of MillerCoors, our investment in which represents our interests in the U.S. beer business. We jointly control MillerCoors with SABMiller, and hold 42% economic interest in it. MillerCoors management is responsible for the day to day operations of the business and therefore, we do not have full control over the activities of MillerCoors. Our results of operations are dependent upon the efforts of MillerCoors management, our ability to govern the joint venture effectively with SABMiller, and factors beyond our control that may affect SABMiller.

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Additionally, our disclosure controls and procedures with respect to MillerCoors are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

MillerCoors is highly dependent on independent distributors in the United States to sell its products, with no assurance that these distributors will effectively sell its and our products. MillerCoors sells all of its products and our non-U.S. products in the United States to distributors for resale to retail outlets and the regulatory environment of many states makes it very difficult to change distributors. Consequently, if MillerCoors is not allowed or is unable to replace unproductive or inefficient distributors, their business, financial position, and results of operation may be adversely affected. Consolidation of distributors is expected to occur following the formation of MillerCoors.

Risks Specific to the United Kingdom Segment

Sales volume trends in the United Kingdom brewing industry reflect movement from on-premise channels to off-premise channels, a trend which unfavorably impacts our profitability. In recent years, beer volume sales in the U.K. have been shifting from pubs and restaurants (on-premise) to retail stores (off-premise), for the industry in general. A ban on smoking in pubs and restaurants across the whole of the U.K. enacted in 2007 accelerated this trend. Margins on sales to off-premise customers tend to be lower than margins on sales to on-premise customers, and, as a result, continuation of these trends would further adversely impact our profitability.

In the event that a significant pub chain were to go bankrupt, or experience similar financial difficulties, our business could be adversely impacted. We extend credit to pub chains in the U.K. in which some cases the amounts are significant. The continuing challenging economic environment in the U.K. has caused business at on-premise outlets to slow in late 2008 and 2009, and some pub chains may face increasing financial difficulty if economic conditions do not improve. In the event that a pub chain were to be unable to pay amounts owed to the Company as a result of bankruptcy or similar financial difficulties, our business could be adversely impacted.

Consolidation of pubs and growth in the size of pub chains in the United Kingdom could unfavorably impact 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, and therefore continuation of this trend could impact MCBC-UK's ability to obtain favorable pricing in the on-premise channel (due to the spillover effect of reduced negotiating leverage) and could reduce our revenues and profit margins. In addition, these larger customers continue to move to purchasing directly more of the products that, in the past, we have provided as part of our factored business. Further consolidation could contribute to an adverse financial impact.

We depend exclusively on one logistics provider in England, Wales, and Scotland for distribution of our MCBC-UK products. Tradeteam handles all of the physical distribution for MCBC-UK 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 products and we were unable to find a suitable replacement in a timely manner, we could experience significant disruptions in our business that could have an adverse financial impact.

ITEM 1B. Unresolved SEC Staff Comments

None.

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ITEM 2. Properties

As of December 26, 2009, our major facilities were (owned unless otherwise indicated):

Facility	Location	Character
Canada		
Administrative Offices	Toronto, Ontario Montréal, Québec	Canada Segment Headquarters Corporate Headquarters
Brewery/packaging plants	St Johns, Newfoundland Montréal, Québec(5) Creemore, Ontario Moncton, New Brunswick Toronto, Ontario(5) Vancouver, British Columbia	Packaged malt beverages
Distribution warehouses	Québec Province(1) Ontario Province(2)	Distribution centers
United States/MCI and Corporate		
Administrative Offices	Denver, Colorado(3)	Corporate Headquarters
Administrative Offices	Guangzhou, China(4) Tokyo, Japan(4) Hong Kong(4)	MCI Headquarters
United Kingdom		
Administrative Office	Burton-on-Trent, Staffordshire	U.K. Segment Headquarters
Brewery/packaging plants	Burton-on-Trent, Staffordshire(5) Tadcaster Brewery, Yorkshire Alton Brewery, Hampshire	Malt and spirit-based beverages/packaged malt beverages
Malting/grain silos	Burton-on-Trent, Staffordshire	Malting facility
Distribution warehouse	Burton-on-Trent, Staffordshire	Distribution center

(1) We own 14 warehouses, lease 12 warehouses and lease one additional distribution center in the Québec Province.

(2) We own one warehouse in the Ontario Province.

(3) Leased facility.

(4) We lease main headquarter offices in Asia. Additionally, in China we lease regional offices to comply with local regulations which require an office in each city where we trade (38 cities).

(5) Montréal and Toronto breweries account for approximately 76% of our Canada production. The Burton-on-Trent brewery is the largest brewery in the U.K. and accounts for approximately 62% of MCBC-UK's production.

We believe our facilities are well maintained and suitable for their respective operations. In 2009, our operating facilities were not capacity constrained.

ITEM 3. Legal Proceedings

In 1999, Molson Inc. entered an agreement for the distribution of Molson products in Brazil. In 2000, before commencing the distribution business, Molson terminated the distribution agreement and paid the distributors $150,000 in settlement. The distributor then sued Molson Inc. to set aside the settlement and to seek additional compensation. The Appellate Court of the State of Rio de Janeiro set aside the settlement agreement and determined that Molson Inc. was liable to the distributor, with the amount of damages to be determined through subsequent proceedings. An appeal of the liability decision is currently pending before the Brazilian Superior Court of Justice, which during the fourth quarter of fiscal year 2009, granted certiorari and agreed to hear the merits of Molson's appeal. With

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respect to damages, the case was remanded to a Rio de Janeiro trial court to determine the amount of damages. The trial court retained an expert who provided a report adopting the position of the distributor and recommending damages based on a business plan devised at the outset of the arrangement that was never implemented. Molson challenged the irregularity of the expert process, the impartiality of the expert, as well as the report's specific recommendation regarding damages. The trial court denied Molson's challenges. Molson filed an appeal before the Appellate Court of the State of Rio de Janeiro regarding these procedural irregularities. During the fourth quarter of fiscal year 2009, Molson's procedural appeal was denied. Following the state trial court's procedural ruling, that court handed down a decision in the distributor's favor granting the full amount of the lost anticipated profits alleged by the plaintiff, approximately $42 million, plus attorneys' fees and interest. Such judgment was rendered during the third quarter of 2009. Molson Inc. has appealed the judgment, and the Appellate Court of the State of Rio de Janeiro has entered an injunction to prevent the distributor from executing on the judgment pending appeal. During the fourth quarter, the appellate court considering Molson's appeal from the judgment directed the court-retained expert to recalculate the alleged damages on a different and potentially more favorable basis to Molson. We continue to believe that a material loss in this case is not probable. Molson will vigorously defend the case.

MCBC-UK replaced a profit sharing plan in the United Kingdom with a different plan under which a bonus was not paid in 2003. A group of employees pursued a claim against MCBC-UK with respect to this issue with an employment tribunal. During the second quarter of 2005, the tribunal ruled against MCBC-UK. MCBC-UK appealed this ruling, and the appeal was heard in the first quarter of 2006, where most impacts of the initial tribunal judgments were overturned. However, the employment appeal tribunal remitted two specific issues back to a new employment tribunal. MCBC-UK appealed the employment appeal tribunal's judgment. In January 2007, the appeals court ruled in the Company's favor, holding that the employment tribunal had no jurisdiction to hear the employees' claims, and the claims were dismissed. Employee claims in this matter were filed in Birmingham County Court during the third quarter of 2008. The case was decided in our favor in October 2009, and the time for plaintiffs to appeal has passed. We also have been advised by the union that encouraged these claims that it will no longer pursue the matter on behalf of any other employees. If MCBC-UK had been held to be liable to the claimants, the amounts of the liability would have been immaterial. If such liabilities were asserted by other groups of employees and upheld in subsequent litigation, the potential loss would be higher.

In March 2009, Brewers' Retail, Inc. ("BRI"), which operates The Beer Store retail outlets in the province of Ontario, Canada, received notice that a legal action would be commenced in the Ontario Superior Court of Justice against it, the Ontario government and the Liquor Control Board of Ontario. BRI is owned by MCBC and two other brewers, and is accounted for by MCBC under the equity method. This action alleges the defendants, including BRI, failed to warn the plaintiffs of the dangers of drinking during pregnancy. The action seeks damages in excess of CAD $750 million. Although notice of the lawsuit was provided in March, the lawsuit has not been formally commenced. The same plaintiffs filed a lawsuit asserting similar claims against the Canadian federal government in the Federal Court of Canada in March 2009. They voluntarily withdrew the lawsuit after the federal government filed a motion to dismiss it for failing to state a claim. If a legal action is commenced against BRI as notified, we are advised that BRI will defend the claims vigorously.

From time to time, we have been notified that we are or may be a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act or similar state laws for the cleanup of other sites where hazardous substances have allegedly been released into the environment. For example, we are one of approximately 60 entities named by the Environmental Protection Agency ("EPA") as a PRP at the Lowry Superfund site. This landfill is owned by the City and County of Denver and is managed by Waste Management of Colorado, Inc. ("Waste Management"). In the fourth quarter of 2008, we were informed that the State of Colorado may bring an action to recover natural resources damages. Although no formal action has been

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brought, the State of Colorado is informally asserting total damages of approximately $10 million. However, the Company is potentially liable for only a portion of those damages. The Company will defend any such claims vigorously.

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

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

None.

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PART II

ITEM 5. Market for the Registrant's Common Equity and Issuer Purchases of Equity Securities

Our Class B non-voting common stock is traded on the New York Stock Exchange under the symbol "TAP." Prior to the Merger, our Class B non-voting common stock was traded on the New York Stock Exchange, under the symbol "RKY" (since March 11, 1999) and prior to that was quoted on the NASDAQ National Market under the symbol "ACCOB."

In connection with the Merger and effective February 9, 2005, we have Class A common stock and Class B non-voting common stock trading on the New York Stock Exchange under the symbols "TAP A" and "TAP," respectively. "TAP A" and "TAP" were de-listed from the Toronto Stock Exchange at the close of business on May 1, 2009. In addition, our indirect subsidiary, Molson Coors Canada Inc., has Exchangeable Class A and Exchangeable Class B shares trading on the Toronto Stock Exchange under the symbols "TPX.A" and "TPX.B," respectively. The Class A and B exchangeable shares are a means for shareholders to defer tax in Canada and have substantially the same economic and voting rights as the respective common shares. The exchangeable shares can be exchanged for Molson Coors Class A or B common stock at any time and at the exchange ratios described in the Merger documents, and receive the same dividends. At the time of exchange, shareholders' taxes are due. The exchangeable shares have voting rights through special voting shares held by a trustee, and the holders thereof are able to elect members of the Board of Directors. The approximate number of record security holders by class of stock at February 12, 2010, is as follows:

Title of class	Number of record security holders
Class A common stock, voting, $0.01 par value	30
Class B common stock, non-voting, $0.01 par value	3,194
Class A exchangeable shares	277
Class B exchangeable shares	2,908

The following table sets forth the high and low sales prices per share of our Class A common stock and dividends paid for each fiscal quarter of 2009 and 2008 as reported by the New York Stock Exchange.

	High	Low	Dividends
2009			
First quarter	$ 48.00	$ 30.81	$ 0.20
Second quarter	$ 46.25	$ 34.00	$ 0.24
Third quarter	$ 49.75	$ 42.00	$ 0.24
Fourth quarter	$ 50.58	$ 42.32	$ 0.24
2008			
First quarter	$ 53.48	$ 43.74	$ 0.16
Second quarter	$ 58.48	$ 52.70	$ 0.20
Third quarter	$ 58.00	$ 47.00	$ 0.20
Fourth quarter	$ 47.16	$ 35.50	$ 0.20

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The following table sets forth the high and low sales prices per share of our Class B common stock and dividends paid for each fiscal quarter of 2009 and 2008 as reported by the New York Stock Exchange.

	High	Low	Dividends
2009			
First quarter	$ 49.88	$ 30.76	$ 0.20
Second quarter	$ 46.89	$ 33.44	$ 0.24
Third quarter	$ 49.88	$ 41.68	$ 0.24
Fourth quarter	$ 51.11	$ 42.90	$ 0.24
2008			
First quarter	$ 54.83	$ 43.58	$ 0.16
Second quarter	$ 59.51	$ 52.12	$ 0.20
Third quarter	$ 58.83	$ 45.57	$ 0.20
Fourth quarter	$ 47.94	$ 35.00	$ 0.20

The following table sets forth the high and low sales prices per share of our Exchangeable Class A shares and dividends paid for each fiscal quarter of 2009 and 2008 as reported by the Toronto Stock Exchange.

	High	Low	Dividends
2009			
First quarter	CAD 53.84	CAD 40.37	$ 0.20
Second quarter	CAD 51.13	CAD 41.75	$ 0.24
Third quarter	CAD 53.53	CAD 48.31	$ 0.24
Fourth quarter	CAD 53.24	CAD 45.82	$ 0.24
2008			
First quarter	CAD 55.00	CAD 46.26	$ 0.16
Second quarter	CAD 58.87	CAD 54.00	$ 0.20
Third quarter	CAD 56.01	CAD 47.92	$ 0.20
Fourth quarter	CAD 56.49	CAD 41.01	$ 0.20

The following table sets forth the high and low sales prices per share of our Exchangeable Class B shares and dividends paid for each fiscal quarter of 2009 and 2008 as reported by the Toronto Stock Exchange.

	High	Low	Dividends
2009			
First quarter	CAD 60.00	CAD 40.25	$ 0.20
Second quarter	CAD 51.85	CAD 42.17	$ 0.24
Third quarter	CAD 54.39	CAD 47.80	$ 0.24
Fourth quarter	CAD 53.50	CAD 45.75	$ 0.24
2008			
First quarter	CAD 55.29	CAD 43.40	$ 0.16
Second quarter	CAD 60.32	CAD 53.05	$ 0.20
Third quarter	CAD 58.28	CAD 47.00	$ 0.20
Fourth quarter	CAD 57.77	CAD 41.00	$ 0.20

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PERFORMANCE GRAPH

The following graph compares Molson Coors' cumulative total stockholder return over the last five fiscal years with the Standard and Poor's 500 Index® ("S&P 500"), the Russell 1000® Beverage Brewers Wineries Industry Index which includes Molson Coors and Constellation Brands, Inc. ("Peer Group A"), and the Standards and Poor's SuperComposite® Brewers Index which includes Molson Coors and the Boston Beer Company, Inc. ("Peer Group B"). The graph assumes $100 was invested on December 23, 2004, (the last trading day of fiscal year 2004) in Molson Coors common stock, the S&P 500, Peer Group A and Peer Group B, and assumes reinvestment of all dividends.

On August 1, 2007, our Board of Directors declared a two-for-one stock split issued in the form of a dividend for all classes of capital stock, with a record date of September 19, 2007, and an effective date of October 3, 2007. All share and per share data included in the consolidated financial statements and accompanying notes have been adjusted to reflect this stock split. Note that in prior years we referenced the Russell 3000® Beverage Brewers Wineries Industry Index as our peer group but this index was discontinued as of September 30, 2009. Prior to discontinuation, the Russell 3000® Beverage Brewers Wineries Industry Index included Molson Coors, Anheuser-Busch Companies, Inc. (until de-listing effective November 2008), the Boston Beer Company, Inc., and Constellation Brands, Inc.

Molson Coors Brewing Company
Comparison of Five-Year Cumulative Total Return

	At Fiscal-Year End					
	2004	2005	2006	2007	2008	2009
Molson Coors(1)	$ 100.00	$ 91.29	$ 107.32	$ 148.38	$ 135.97	$ 131.85
S&P 500	$ 100.00	$ 106.78	$ 121.69	$ 129.25	$ 78.11	$ 103.28
Peer Group A(2)	$ 100.00	$ 100.94	$ 116.47	$ 127.06	$ 156.60	$ 154.93
Peer Group B(3)	$ 100.00	$ 87.87	$ 101.46	$ 113.90	$ 153.74	$ 153.47

(1) Adolph Coors Company and Molson Inc. merged on February 9, 2005, to form Molson Coors Brewing Company. Performance prior to the merger is for Adolph Coors Company only.

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(2) Peer Group A is the Russell 1000® Beverage Brewers Wineries Industry Index. Bloomberg's® code for this index is R1VBVBW.

(3) Peer Group B is the S&P Supercomposite® Brewers Index. Bloomberg's® code for this index is S15BREW.

ITEM 6. Selected Financial Data

The table below summarizes selected financial information for the five years ended as noted. For further information, refer to our consolidated financial statements and notes thereto presented under Part II Item 8 Financial Statements and Supplementary Data. Due to a new accounting pronouncement related to convertible debt, certain amounts have been adjusted from previously reported amounts. The pronouncement pertains to our 2.5% Convertible Senior Notes due July 30, 2013 that were issued in 2007 and resulted in adjustments to 2007 and 2008 income from continuing operations, per share amounts, total assets, and long-term debt in the table below. Refer to Part II Item 8 Financial Statements and Supplementary Data, Note 2 "NEW ACCOUNTING PRONOUNCEMENTS" under the sub-heading "*Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)"*

	2009(1)	2008(1)	2007(1)	2006(1)(2)	2005(1)(2)(3)
	(In millions, except per share data)				
Consolidated Statement of Operations:					
Net sales(4)	$ 3,032.4	$ 4,774.3	$ 6,190.6	$ 5,845.0	$ 5,506.9
Income from continuing operations attributable to MCBC	$ 729.4	$ 390.8	$ 509.7	$ 373.6	$ 230.4
Income from continuing operations attributable to MCBC per share:					
Basic	$ 3.96	$ 2.14	$ 2.85	$ 2.17	$ 1.45
Diluted	$ 3.92	$ 2.11	$ 2.81	$ 2.16	$ 1.44
Consolidated Balance Sheet data:					
Total assets	$ 12,021.1	$ 10,386.6	$ 13,415.1	$ 11,603.4	$ 11,799.3
Current portion of long-term debt	$ 300.3	$ 0.1	$ 4.2	$ 4.0	$ 348.1
Long-term debt	$ 1,412.7	$ 1,752.0	$ 2,165.1	$ 2,129.8	$ 2,136.7
Other information:					
Dividends per share of common stock	$ 0.92	$ 0.76	$ 0.64	$ 0.64	$ 0.64

(1) 52-weeks reflected in 2009, 2008, 2007, and 2005 versus 53-weeks included in 2006.

(2) Share and per share amounts have been adjusted from previously reported amounts to reflect a 2-for-1 stock split issued in the form of a stock dividend effective October 3, 2007.

(3)

Results prior to February 9, 2005 exclude Molson, Inc.

(4)
As a result of the MillerCoors formation on July 1, 2008, and MCBC's prospective equity accounting for MillerCoors, net sales for the fifty-two weeks ended December 28, 2008, only include net U.S. sales through the period ended June 30, 2008.

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

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

This Annual Report on Form 10-K 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 (the "Exchange Act"). From time to time, we may also provide oral or written forward-looking statements in other materials we release to the public. Such forward-looking statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995.

Statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements, and include, but are not limited to, statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Outlook for 2010" relating to overall volume trends, consumer preferences, pricing trends, industry forces, cost reduction strategies, anticipated results, anticipated synergies, expectations for funding future capital expenditures and operations, debt service capabilities, shipment levels and profitability, market share and the sufficiency of capital resources. In addition, statements that we make in this report that are not statements of historical fact may also be forward-looking statements. Words such as "expects," "goals," "plans," "believes," "continues," "may," "anticipate," "seek," "estimate," "outlook," "trends," "future benefits," "strategies," and variations of such words and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to be materially different from those indicated (both favorably and unfavorably). These risks and uncertainties include, but are not limited to, changes in consumer preferences and product trends, price discounting by major competitors, failure to realize the anticipated cost savings and other benefits from MillerCoors, failure to realize anticipated results from synergy initiatives, and increases in costs generally, as well as the risks and uncertainties described under the heading "Risk Factors" and elsewhere throughout this report. Caution should be taken not to place undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date when made and we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Executive Summary

2009 Key Financial Highlights:

2009 was a year of important strategic changes that made our company stronger and more competitive. Our brand growth strategies and cost-reduction efforts continue to strengthen our competitive capabilities and financial performance.

For the full year, we continued to make great strides in our brands, competitive position, cost reductions and cash generation, but we gave back a lot to weak industry volume, unfavorable currency movements, and commodity inflation, particularly in the U.S. and U.K.

In Canada, our strengthened leadership team is addressing competitive challenges, primarily through innovations in brands, packaging and promotions that are strengthening our portfolio. We introduced the first new Molson trademark brand in 5 years, *Molson "M"*, along with *Molson Canadian 67* and *Rickard's Dark* in the fourth quarter and are encouraged by their early results. We also strengthened our beer focus by selling our interest in the Montréal Canadiens hockey club and agreeing to buy Granville Island Brewing Company. The Granville Island acquisition further increases our presence in the highly profitable above-premium segment.

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MillerCoors exceeded its synergy targets and announced an additional $200 million of cost reductions beyond the $500 million announced upon its formation to be delivered over the next three years. The U.S. team also invested heavily in building brands and sales capabilities, in addition to continuing the integration of the Miller and Coors businesses. Despite the toughest U.S. beer market in decades, MillerCoors grew income from continuing operations by 57.3% for the year. We benefit from 42% of these results.

In the U.K., we drove value from Carling's brand strength; delivered solid Coors Light growth; purchased a controlling interest in the Cobra brand; grew Magners draught cider; and completed the ramp up of our contract brewing arrangement. We leveraged these strategic initiatives to balance price and volume priorities. Additionally, we closed our defined-benefit pension plan to all future accrual of retirement benefits, which will reduce the growth of these liabilities in the future.

We enhanced the capabilities of our MCI team and continued to invest in developing markets in Asia, Continental Europe and Latin America.

Globally, we

- grew income from continuing operations by 86.6% driven by lower effective tax rate and despite a decline of 3% in our worldwide volume,
- exceeded all of our cost-savings goals and announced our next-generation of cost reductions, and
- more than doubled operating cash flows to $824 million.

The following table highlights summarized components of our condensed consolidated summary of operations for the years ended December 26, 2009, December 28, 2008, and December 30, 2007.

	For the Years Ended				
	December 26, 2009	**% change**	**December 28, 2008(1)**	**% change**	**December 30, 2007(1)**
	(In millions, except percentages and per share data)				
Volume in hectoliters	18.779	(46.0)%	34.800	(29.0)%	49.046
Net sales	$ 3,032.4	(36.5)%	$ 4,774.3	(22.9)%	$ 6,190.6
Income from continuing operations attributable to MCBC	$ 729.4	86.6%	$ 390.8	(23.3)%	$ 509.7
Diluted income per share from continuing operations	$ 3.92	85.8%	$ 2.11	(24.9)%	$ 2.81

(1) Due to a new accounting pronouncement related to convertible debt, income from continuing operations and per share figures have been adjusted from previously reported amounts. Refer to Part II Item 8 Financial Statements and Supplementary Data, Note 2 "NEW ACCOUNTING PRONOUNCEMENTS" under the sub-heading "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)"

(2) Volume and net sales for the years ended December 30, 2007, December 28, 2008 and December 26, 2009 include a full-year of U.S. segment results, six months of U.S. segment results and no U.S. segment results, respectively.

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The following table highlights summarized components of our sales volume for the years ended December 26, 2009, December 28, 2008, and December 30, 2007 (actual and pro forma):

	For the years ended			
	December 26, 2009	December 28, 2008	December 30, 2007	December 30, 2007
	Actual	Actual	Pro forma(1)	Actual
Volume in hectoliters (in millions):				
Financial volume	18.779	34.800	34.545	49.046
Royalty volume	0.301	0.300	0.250	0.250
Owned volume	19.080	35.100	34.795	49.296
Proportionate share of equity investment sales-to-retail(2)	30.888	16.397	16.273	
Total worldwide beer volume	49.968	51.497	51.068	49.296

(1) Reflects the exclusion of the U.S. segment volume reported for the twenty-six weeks ended December 31, 2007.

(2) Reflects the addition of MCBC's proportionate share of MillerCoors and Modelo Molson sales-to-retail for the periods presented, adjusted for comparable trading days, including on a pro forma basis for the twenty-six weeks ended December 31, 2007.

Worldwide beer volume is composed of our financial volume, royalty volume and proportionate share of equity investment sales-to-retail. Financial volume represents owned beer brands sold to unrelated external customers within our geographical markets. Royalty beer volume consists of product produced and sold by third parties under various license and contract-brewing agreements. Equity investment sales-to-retail brands volume represents the company's ownership percentage share of volume in its subsidiaries accounted for under the equity method, including MillerCoors and Modelo Molson Imports, L.P.

Synergies and other cost savings initiatives

For the full year 2009, Molson Coors achieved $92 million of cost savings as part of its Resources for Growth ("RFG") cost savings program. Over the past three years, the Company has delivered $270 million in RFG cost savings, exceeding the Company's commitment of $250 million for the three-year program.

When MillerCoors began operations on July 1, 2008, they expected the business to achieve $225 million of the announced $500 million in synergies by the end of 2009. MillerCoors exceeded these expectations, achieving $273 million in synergies by the end of 2009, $245 million of these in 2009. Additionally, MillerCoors, in 2009, achieved $26 million in cost reductions of the $200 million in incremental, second-generation cost savings that were announced in 2009. Molson Coors benefits from 42% of MillerCoors cost reductions.

Components of our Statement of Operations

Net sales Our net sales represent almost exclusively the sale of beer and other malt beverages, the vast majority of which are brands that we own and brew ourselves. We import or brew and sell certain non-owned partner brands under licensing and related arrangements. We also sell certain "factored" brands, as a distributor, to on-premise customers in the United Kingdom.

Cost of goods sold Our cost of goods sold includes costs we incur to make and ship beer. These costs include brewing materials, such as barley, hops, and various grains. Packaging materials, including

glass bottles, aluminum and steel cans, cardboard and paperboard are also included in our cost of goods sold. Our cost of goods sold also include both direct and indirect labor, freight costs, utilities, maintenance costs, depreciation, and other manufacturing overheads, as well as the cost to purchaser of "factored" brands from suppliers.

Marketing, general and administrative These costs include media advertising (television, radio, print), tactical advertising (signs, banners, point-of-sale materials) and promotion costs on both local and national levels within our operating segments. These costs also include our marketing and sales organizations, including labor and other overheads. This classification also include general and administrative costs for functions such as finance, legal, human resources and information technology, which consist primarily of labor and outside services. This line item also includes amortization costs associated with intangible assets, as well as certain depreciation costs related to non-production equipment.

Special Items These are infrequent and/or unusual items which affect our statement of operations, and are discussed in each segment's Results of Operations discussion.

Equity income in MillerCoors This item represents our proportionate share for the period of the undistributed net income (loss) of our investment in MillerCoors accounted for under the equity method. Such amount typically reflects adjustments similar to those made in preparing consolidated statements, including adjustments to eliminate intercompany gains and losses, and to amortize, if appropriate, any difference between cost and underlying equity in net assets upon the formation of MillerCoors.

Interest expense, net Interest costs associated with borrowings to finance our operations are classified here. Interest income in the U.K. segment is associated with trade loans receivable from customers.

Debt extinguishment costs The costs are associated with payments to settle the notes at fair value given interest rates at the time of extinguishment, incentive payments to note holders for early tendering of the notes, and a write-off of the proportionate amount of unamortized discount and issuance fees associated with the extinguished debt.

Other income (expense) This classification includes primarily gains and losses associated with activities not directly related to brewing and selling beer. For instance, gains or losses on sales of non-operating assets, our share of income or loss associated with our ownership in the Montréal Canadiens hockey club (through sale on October 19, 2009), and certain foreign exchange gains and losses are classified here.

Discussions of statement of operations line items such as noncontrolling interests and discontinued operations are discussed in detail elsewhere in MD&A and in the Notes to Part II Item 8 Financial Statements and Supplementary Data.

Depreciation

Depreciation and amortization expense decreased in 2009 versus 2008 excluding special items, as a result of 2008 capturing six months of expense related to the U.S. segment prior to the formation of MillerCoors. Depreciation and amortization expense decreased from 2008 versus 2007 excluding special items, as a result of the formation of MillerCoors.

Income Taxes

Our full year effective tax rate was approximately -2% in 2009, 19% in 2008, and 0% in 2007. Our effective tax rates were significantly lower than the federal statutory rate of 35% primarily due to the

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following factors: lower effective income tax rates applicable to our Canadian and U.K. businesses, one time benefits from favorable resolution of unrecognized tax benefits, and revaluing our deferred tax assets and liabilities to give effect to reductions in foreign income tax rates and tax law changes.

Discontinued Operations

The Company's former Brazil business, Kaiser, is reported as a discontinued operation due to the sale of an 83% controlling interest in the business in 2006. See Part II Item 8 Financial Statements and Supplementary Data, Note 5 "DISCONTINUED OPERATIONS" to the Consolidated Financial Statements for further discussion.

The loss from discontinued operations of $9.0 million and $12.1 million for the years ended 2009 and 2008, respectively, is associated with adjustments to the indemnity liabilities due to changes in estimates and foreign exchange losses.

Results of Operations

Canada Segment

Our Canada segment consists primarily of the Molson Coors Canada ("MCC") beer business, including the production and sale of the Molson brands, *Coors Light*, and other licensed brands in Canada. Effective, January 1, 2008, MCC and Grupo Modelo, S.A.B. de C.V. established a joint venture, Modelo Molson Imports, L.P. ("MMI"), to import, distribute, and market the Modelo beer brand portfolio across all Canadian provinces and territories. MMI is accounted for using the equity method. The Canada segment also includes our arrangements related to the distribution of beer in Ontario and in Western Canada, Brewers' Retail, Inc. ("BRI") and Brewers' Distributor Ltd. ("BDL"), respectively. BRI was a consolidated joint venture through February 28, 2009. As of March 1, 2009, we deconsolidated BRI, and prospectively began accounting for BRI results under the equity method as a result of the reduction in our BRI ownership interest, following Labatt's acquisition of Lakeport Brewing in Ontario and the resulting increase in their relative ownership interest in BRI. Also included in the Canada results is BDL, a joint venture accounted for under the equity method.

See "Outlook for 2010" for discussion of forward looking trends regarding the Canada segment.

	Fiscal year ended				
	December 26, 2009	**% change**	**December 28, 2008**	**% change**	**December 30, 2007**
	(In millions, except percentages)				
Volume in hectoliters(1)	8.741	(9.4)%	9.648	(9.9)%	10.709
Net sales	$ 1,732.3	(9.8)%	$ 1,920.0	(4.2)%	$ 2,005.1
Cost of goods sold	(887.7)	(14.3)%	(1,036.4)	(3.7)%	(1,076.7)
Gross profit	844.6	(4.4)%	883.6	(4.8)%	$ 928.4
Marketing, general and administrative expenses	(418.9)	(0.6)%	(421.3)	(5.9)%	(447.6)
Special items, net	(12.9)	18.3%	(10.9)	N/M	(75.2)
Operating income	412.8	(8.6)%	451.4	11.3%	405.6
Other income, net	49.8	N/M	7.0	N/M	21.7
Earnings before income taxes	$ 462.6	0.9%	$ 458.4	7.3%	$ 427.3

N/M = Not meaningful

(1) Volumes represent net sales of MCBC owned brands and partner brands.

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Foreign currency impact on results

Our Canada segment was unfavorably impacted by a 6.1% year-over-year decrease in the value of the CAD against the USD in 2009 versus 2008. Our Canada segment was unfavorably impacted by a 0.5% year-over-year decrease in the value of the CAD against the USD in 2008 versus 2007.

Volume and net sales

During the third quarter of 2009, management adjusted internal financial reporting to conform sales reporting for the pre-MillerCoors periods to the post-MillerCoors periods. As a result, Canada segment sales, production costs, and volumes for the years ended December 28, 2008 and December 30, 2007, are higher than reported in the prior year due to the inclusion of $55.6 million and 0.784 million hectoliters of intersegment/intercompany sales and volumes for 2008 and $91.9 million and 1.438 million hectoliters for 2007, which were eliminated upon consolidation. Additionally, to provide more comparable results, we have provided year-over-year changes that exclude the reporting effects in Canada of deconsolidating BRI in March 2009 and setting up MillerCoors in 2008.

For the fifty-two weeks ended December 26, 2009, sales volume in Canada decreased by 9.4% to 8.7 million hectoliters versus prior year volume of 9.6 million hectoliters for the 52 weeks ended December 28, 2008. This decline is driven by the internal financial reporting adjustments noted above which increased prior year volumes by 0.784 million hectoliters. Excluding this adjustment, sales volume declined 1.4%.

Our Canada comparable sales to retail ("STRs") for 2009 decreased 1.9% versus the prior calendar year. Mid single-digit growth of Coors *Light* was more than offset by declines in the Molson trademark brands as well as our non-strategic brands.

Canada industry volumes declined an estimated 0.4% in 2009 compared to the prior calendar year. As a result, Molson experienced an estimated two-thirds of a market share point decrease on a full-year basis. This decrease was driven primarily by softness in the Western region.

Comparable net sales per hectoliter increased 1.8% in local currency, driven by favorable net pricing, led by price increases across all major markets, partially offset by increased discounting activity.

For the fifty-two weeks ended December 28, 2008, sales volume in Canada decreased by 9.9% to 9.6 million hectoliters versus prior year volume of 10.7 million hectoliters for the 52 weeks ended December 30, 2007. This decline is the result of excluding our reported Modelo volumes in 2008 with the creation of our joint venture, as well as the decrease in recognition of intersegment/intercompany sales as mentioned above. Excluding this factor, full year sales volume of 9.3 million hectoliters increased 0.1% on a comparable basis versus prior year.

Our Canada comparable STRs for 2008 increased 0.8% versus the prior calendar year driven by mid-single-digit growth of our strategic brands lead by *Coors Light* and *Carling*, which experienced double-digit growth compared to the prior year. In addition, the *Rickard's* and *Creemore* brands, as well as our partner import brands, all grew at high single-digit rates on a full year basis. These increases were partially offset by declines in non-strategic brands and other premium brands.

Canada industry volumes grew an estimated 1.1% in 2008 compared to the prior calendar year. As a result, Molson experienced a slight market share decrease on a full year comparable basis. This decrease was driven by softness in the Québec market, partially offset by strong performance in the Ontario and Atlantic markets. On a full year basis, 2008 net sales declined $48.9 million or 2.6% versus prior year.

For the full year 2008, net sales were $199.0 per hectoliter, an increase of 6.3% over 2007 net sales revenue of $187.24 per hectoliter. Excluding the effects of a U.S. production contract with Foster's that was terminated in the fourth quarter 2007, the Modelo Molson joint venture and the impact of sales to

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MillerCoors as disclosed above, net sales per hectoliter increased 2.3% as a result of higher net pricing and favorable sales mix of our products, including sales increases of our higher-revenue per hectoliter partner-import brands.

Cost of goods sold and gross profit

Full year comparable 2009 cost of goods sold per hectoliter was unchanged in local currency versus 2008, impacted by the following three factors:

- Commodity, packaging material and other input costs including increased pension costs drove a 1% increase,
- An increase of about 1.5% was due to the ongoing shift in sales mix,
- Finally, these increases were partially offset by a 2.5% decrease from our Resources for Growth cost savings initiatives.

Full year 2008 cost of goods sold per hectoliter increased 3.3% in local currency versus 2007. Excluding current year impacts of the termination of the Foster's contract, the changes associated with MMI and sales to MillerCoors, cost of goods sold per hectoliter increased 7.4% on a comparable basis in local currency. The underlying cost of goods increase was due to the net effect of three factors:

- Higher commodity, packaging material and other input costs drove a 6% increase, combined with a 1% increase due to higher fuel and distribution costs,
- These inflationary increases were partially offset by a 2.5% decrease from our Resources for Growth cost savings initiatives, and
- Finally, an increase of about 3% was due to the ongoing shift in sales mix.

Marketing, general and administrative expenses

For the full year 2009, comparable marketing, general and administrative expenses increased 2.9% in local currency, driven by increases in brand investment.

For the full year 2008, marketing, general and administrative expenses were $421.3 million, a decrease of $26.3 million or 5.9% lower versus prior year. In local currency total marketing, general, and administrative expenses decreased 7.3% versus the prior year driven by lower intangible amortization, combined with the elimination of all expenses associated with the Modelo brands, which are now managed by MMI.

Special items, net

In 2009, we recognized a $5.3 million pension curtailment loss and $3.0 million of restructuring costs associated with employee terminations at the Montréal brewery driven by MillerCoors' decision to shift Blue Moon production to its facilities in the U.S. Additionally, the segment incurred $4.6 million of Edmonton brewery site preparation and impairment closure costs during the year.

The Canada segment recognized $10.9 million of special items expense during 2008. The special items represent costs associated with ongoing Edmonton brewery closing expenses, restructuring activities, and an asset impairment. See Part II Item 8 Financial Statements and Supplementary Data, Note 9 "UNUSUAL OR INFREQUENT ITEMS" to the Consolidated Financial Statements for further discussion.

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Other income (expense), net

Other income in 2009 was $42.8 million higher than prior year primarily due to a $46.0 million gain on the sale of the Montréal Canadiens to a related party. See Part II Item 8 Financial Statements and Supplementary Data, Note 4 "EQUITY INVESTMENTS" to the Consolidated Financial Statements for further discussion. Other income in 2008 was $14.7 million lower than the prior year largely due to cycling the gain on the sale of our equity investment in the House of Blues Canada which resulted in approximately $16.7 million of income in 2007.

United States Segment

During the first half of 2008 and all of 2007, the United States ("U.S.") segment produced, marketed and sold the Coors portfolio of leading beer brands in the United States and Puerto Rico. Financial results during this period included Rocky Mountain Metal Corporation and Rocky Mountain Bottle Corporation, which were consolidated joint ventures. During this period, the U.S. segment also included sales of Molson products in the United States. As of July 1, 2008, MillerCoors began operations. The results and financial position of our U.S. segment operations were prospectively deconsolidated upon contribution to the joint venture, and our interest in MillerCoors is being accounted for and reported by us under the equity method of accounting. See Part II Item 8 Financial Statements and Supplementary Data, Note 1 "BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES" to the Consolidated Financial Statements regarding the MillerCoors joint venture.

See "Outlook for 2010" for discussion of forward looking trends regarding the United States segment.

			Fiscal year ended		
	December 26, 2009	% change	December 28, 2008	% change	December 30, 2007
		(In millions, except percentages)			
Volume in hectoliters(1)		N/M	14.894	(47.4)%	28.293
Net sales	$	N/M	$ 1,504.8	(45.4)%	$ 2,754.8
Cost of goods sold		N/M	(915.1)	(46.3)%	(1,703.2)
Gross profit		N/M	589.7	(43.9)%	$ 1,051.6
Marketing, general and administrative expenses		N/M	(413.3)	(45.3)%	(755.7)
Special items, net		N/M	(69.3)	N/M	(9.5)
Equity income in MillerCoors	382.0	145.5%	155.6	N/M	
Operating income	382.0	45.4%	262.7	(8.3)%	286.4
Other income, net		N/M	2.3	N/M	
Earnings before income taxes	$ 382.0	44.2%	$ 265.0	(7.5)%	$ 286.4

N/M = Not meaningful

(1) Volumes represent net sales of MCBC owned brands and partner brands.

The results of operations for MillerCoors for the year ended December 31, 2009 and pro forma results for the year ended December 31, 2008 are presented below. Pro forma results for 2008 are

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comprised of pro forma amounts for the six months ended June 30, 2008, and actual amounts for the six months ended December 31, 2008.

	For the year ended December 31, 2009 Actual	December 31, 2008 Pro Forma	% change
	(In millions, except percentages)		
Volumes in hectoliters	81.085	82.880	(2.2)%
Sales	$ 8,851.6	$ 8,746.2	1.2%
Excise taxes	(1,277.3)	(1,300.4)	(1.8)%
Net sales	7,574.3	7,445.8	1.7%
Cost of goods sold	(4,720.9)	(4,602.8)	2.6%
Gross profit	2,853.4	2,843.0	0.4%
Marketing, general and administrative expenses	(1,937.9)	(2,079.5)	(6.8)%
Special items, net	(49.4)	(219.9)	(77.5)%
Operating income	866.1	543.6	59.3%
Other income, net	0.9	7.7	(88.3)%
Income from continuing operations before income taxes and minority interests	867.0	551.3	57.3%
Income tax expense	(8.4)	(3.3)	154.5%
Net income	858.6	548.0	56.7%
Less: Net income attributable to noncontrolling interests	(15.8)	(14.4)	9.7%
Net income attributable to MillerCoors	$ 842.8	$ 533.6	57.9%

This pro forma combined financial information has been derived from the historical financial results of the respective U.S. businesses of MCBC and Miller, giving effect to the MillerCoors transaction and other related adjustments, described below. These pro forma results are not necessarily indicative of the results of operations that would have been achieved had the MillerCoors transaction taken place at the beginning of the pro forma period, and do not purport to be indicative of future operating results.

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MILLERCOORS, LLC
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
For the Twelve Months Ended December 31, 2008

	Pro Forma For the Six Months Ended June 30, 2008				Actual	Pro Forma
	MCBC's U.S. Business Contributed to MillerCoors	Miller's U.S. Business Contributed to MillerCoors	Pro Forma Adjustments	MillerCoors Pro Forma Results	MillerCoors Six months ended December 31, 2008	MillerCoors Twelve months ended December 31, 2008
	(In millions)					
Net sales	$ 1,491.8	$ 2,257.8	$ 6.8 C	$ 3,756.4	$ 3,689.4	$ 7,445.8
Cost of goods sold	(907.3)	(1,387.4)	16.3 C 1.6 D	(2,276.8)	(2,326.0)	(4,602.8)
Gross profit	584.5	870.4	24.7	1,479.6	1,363.4	2,843.0
Marketing, general and administrative	(412.2)	(582.3)	(0.6) C (29.8) A (15.5) D (6.7) B	(1,047.1)	(1,032.4)	(2,079.5)
Special items	(69.3)	(46.8)		(116.1)	(103.8)	(219.9)
Operating income	103.0	241.3	(27.9)	316.4	227.2	543.6
Interest, net		1.4		1.4		1.4
Other, net	2.3	23.5	(22.4) C	3.4	2.9	6.3
Pretax income	105.3	266.2	(50.3)	321.2	230.1	551.3
Income tax expense					(3.3)	(3.3)
Net income	105.3	266.2	(50.3)	321.2	226.8	548.0
Less: Net income attributable to noncontrolling interests	(9.6)	(0.4)		(10.0)	(4.4)	(14.4)
Net income attributable to MillerCoors	$ 95.7	$ 265.8	$ (50.3)	$ 311.2	$ 222.4	$ 533.6

Description of Pro Forma Adjustments

A

With the formation of MillerCoors in the third quarter of 2008, amortization was initiated on certain intangible assets contributed by Miller that had formerly been classified as indefinite-lived. Since this decision was due in large part to the combined brand portfolio at MillerCoors following its formation, a comparable amortization amount was included in the pro forma period.

B

Adjustment to reflect mark-to-market accounting for share-based compensation held by MillerCoors employees.

C

Adjustments to conform classification between the MCBC U.S. business and the Miller U.S. business and to conform the MCBC U.S. business accounting calendar from a thirteen week to a three calendar months ended June 30, 2008 and from a twenty-six week to a six calendar months ended June 30, 2008.

D

Adjustments to conform accounting policies with regard to inventory valuation, pension and postretirement plans and allocation of advertising costs between interim periods.

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

	For the year ended December 26, 2009	For the six months ended December 28, 2008
Net income attributable to MillerCoors	$ 842.8	$ 222.4
MCBC economic interest	42%	42%
MCBC proportionate share of MillerCoors net income	354.0	93.4
MillerCoors accounting policy elections(1)(2)	7.3	27.7
Amortization of the difference between MCBC contributed cost basis and proportional share of the underlying equity in net assets of MillerCoors(1)(3)	11.7	36.7
Share-based compensation adjustment(1)	9.0	(2.2)
Equity Income in MillerCoors	$ 382.0	$ 155.6

(1) See Part II Item 8 Financial Statements and Supplementary Data, Note 4 "EQUITY INVESTMENTS", for a detailed discussion of these equity method adjustments.

(2) We reported income of $7.3 million in the first quarter of 2009 associated with this category. We did not incur any further amounts in 2009 and do not anticipate any going forward.

(3) We anticipate that basis amortization income will be approximately $10 million for the full year of 2010. Asset impairments recorded by MillerCoors could change that amount significantly.

The discussions below highlight the MillerCoors results of operations for the year ended December 31, 2009, versus pro forma results for the same period in 2008. We have not provided a comparison of MillerCoors proforma results of operations for year ended December 31, 2008 to actual U.S. segment results for the same period 2007, as such comparison would not be meaningful.

Volume and net sales

Total reported volume declined 2.2% for the year ended December 31, 2009, versus the year ended December 31, 2008. Contract brewing volume declined 6.3% during the period, while sales volume to wholesalers declined 1.7% due largely to lower retail sales. Domestic STRs decreased 1.7% during the period. STR performance reflects strong growth in four of MillerCoors' six focus brands (*Miller High Life* and *Blue Moon* reflecting single digit growth, with double digit growth experienced in *MGD64* and *Keystone Light*), which was more than offset by reductions in *Miller Lite* and losses in non-focus brands (*Miller Genuine Draft*, *Miller Chill*, *Sparks* and *Milwaukee's Best*). *Coors Light* STRs were virtually unchanged for 2009 compared to 2008. Fourth quarter STR trends reflect further slowing from earlier 2009 trends due to a weak beer industry and a continued soft economy.

Total net sales per hectoliter increased 4.0% in 2009 due to higher domestic business base pricing and reduced discounting compared to the level of price promotion activity experienced during 2008. Net sales increases were due largely to the price increases taken during the first and fourth quarters of 2009, as well as price increases taken in the fourth quarter of 2008.

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Cost of goods sold

Cost of goods sold increased to $58.22 per hectoliter for the year ended December 31, 2009, versus $55.54 per hectoliter for the year ended December 31, 2008. The net increase in cost of goods sold was driven by an increase in commodity and packaging costs, and the non-recurrence of prior year hop sales, partly offset by savings obtained from synergies and cost-reduction initiatives.

Marketing, general and administrative expenses

Marketing, general and administrative expenses decreased by $141.6 million, or 6.8%, in 2009 versus 2008. Reductions were largely realized in marketing due to the delivery of synergy savings, a reduction in field marketing spend, and lower levels of spending in *Coors Light*, *Miller Lite*, and *Miller Chill*. General and administrative reductions are largely due to salary and fringe reductions across the company partially offset by IT project expenses and fixed asset write-offs and impairments.

Special Items

MillerCoors recognized $49.4 million of special charges in 2009 compared to $219.9 million of net special charges in 2008. In 2009, the special charges were for integration-related expenses for the MillerCoors joint venture, and pension curtailment. Integration charges in 2009 include costs for relocation, severance, and sales office closures. In 2008, the special charges were for integration related expenses for the MillerCoors joint venture, the impairment of the *Sparks* brand, and the impairment of *Molson* brands sold in the U.S. The Sparks brand impairments and Molson brand impairments totaled $65.1 million and $50.6 million, respectively. Integration charges in 2008 include costs for severance, retention, relocation, sales office closures and consulting costs.

***Before the formation of MillerCoors on July 1, 2008*:**

The discussions below highlight the U.S. segment results of operations for the first half of 2008, versus results for the same period in 2007.

Volume and net sales

Sales volume to wholesalers increased by 7.2% in the first half of 2008 while STRs were up 5.7% during the same period, with *Coors Light*, *Coors Banquet*, *Keystone Light* and *Blue Moon* driving increased volume. Net sales per hectoliter increased by 3.8% in 2008, due to price increases and higher revenue from commercial can sales.

Cost of goods sold

Cost of goods sold per hectoliter increased by 3.4% in the first half of 2008. This change is the result of higher commodity, transportation and packaging material costs partially offset by cost savings initiatives. Cost savings initiatives, offset more than half of our U.S. inflation during the first half of 2008.

Marketing, general and administrative expenses

Marketing, general and administrative expenses were up 8.0% in the first half of 2008. Marketing investments increased at a low-single-digit rate, while general and administrative expenses grew at a low-double digit rate due to the organization achieving our stock-based long-term incentive payout targets.

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Special items, net

Special charges for the first half of 2008 were primarily a result of an impairment of an intangible asset associated with Molson brands sold in the U.S., and costs associated specifically with the MillerCoors transaction composed of employee retention and integration planning costs, partially offset by the net gain from the sale of the wholly owned distributor facilities in Boise, Idaho, and Glenwood Springs, Colorado. See Part II Item 8 Financial Statements and Supplementary Data, Note 9 "UNUSUAL OR INFREQUENT ITEMS" and Note 13 "GOODWILL AND INTANGIBLE ASSETS" to the Consolidated Financial Statements for further discussion.

Other income (expense), net

Other income was higher in the first half of 2008 versus 2007 primarily due to a $1.9 million gain on the disposal of non-operating long-lived assets.

United Kingdom Segment

The United Kingdom ("U.K.") segment produces and sells our owned brands principally in the U.K. Results of the segment also include our licensing arrangements in the Republic of Ireland; our consolidated joint venture arrangement to produce, import and distribute the Grolsch brands in the U.K. and the Republic of Ireland; our consolidated joint venture agreement to produce and distribute the Cobra beer brands in the U.K.; factored brand sales (beverage brands owned by other companies, but sold and delivered to retail by us), in the U.K.; and our joint venture arrangement with DHL ("Tradeteam") for the distribution of products throughout Great Britain accounted for under the equity method.

See "Outlook for 2010" for discussion of forward looking trends regarding the U.K. segment.

	Fiscal year ended				
	December 26, 2009	% change	December 28, 2008	% change	December 30, 2007
	(In millions, except percentages)				
Volume in hectoliters(1)	9.510	(10.3)%	10.607	(3.8)%	11.030
Net sales	$ 1,226.2	(8.6)%	$ 1,342.2	(7.8)%	$ 1,455.6
Cost of goods sold	(795.9)	(12.2)%	(906.9)	(7.2)%	(976.9)
Gross profit	430.3	(1.1)%	435.3	(9.1)%	478.7
Marketing, general and administrative expenses	(324.2)	(10.2)%	(360.9)	(6.6)%	(386.5)
Special items, net	(18.9)	N/M	4.5	N/M	(14.1)
Operating income	87.2	10.5%	78.9	1.0%	78.1
Interest income(2)	8.3	(22.4)%	10.7	(7.0)%	11.5
Other expense, net	(4.7)	N/M	(4.2)	N/M	(0.1)
Earnings before income taxes	$ 90.8	6.3%	$ 85.4	(4.6)%	$ 89.5

N/M = Not meaningful

(1) Volumes represent net sales of owned brands, joint venture brands and exclude factored brand net sales volumes.

(2) Interest income is earned on trade loans to U.K. on-premise customers and is typically driven by note receivable balances outstanding from period-to-period.

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Foreign currency impact on results

Our U.K. segment results were negatively affected by a 14% and an 8% year-over-year decrease in the value of the British Pound Sterling ("GBP") against the USD in 2009 and 2008, respectively.

Volume and net sales

Our U.K. segment owned-brand volumes decreased 10% in 2009 versus 2008, reflecting declining industry volume in the U.K. and our strategy to forgo low-margin volume. Our U.K. segment owned-brand volumes decreased 4% in 2008 versus 2007, reflecting poor summer weather, continuing effects from smoking bans in the first half of 2008 and a weakening economy in the U.K.

Our U.K. segment net sales per hectoliter in local currency increased by 20% in 2009, with approximately 7% of this change related to non-owned factored brands that we deliver to retail, and our contract brewing arrangements. Comparable U.K. owned-brand net sales per hectoliter in local currency increased by 18% in the year, due mainly to improved pricing in both the on-premise and the off-premise channels, along with favorable brand mix. Our U.K. segment net sales per hectoliter in local currency increased by 4% in 2008, with approximately 2% of this change related to non-owned factored brands that we deliver to retail and our contract brewing arrangements which began mid-year. Comparable U.K. owned-brand net sales per hectoliter in local currency increased by 4% in the year due mainly to improved pricing in both the on-premise and the off-premise channels, along with favorable brand mix.

Cost of goods sold

Cost of goods sold per hectoliter in local currency increased by 15% in 2009, with approximately 9 percentage points of this change related to factored brand sales, and contract brewing sales. Comparable cost of goods sold for our U.K. owned brands increased by about 10% per hectoliter in local currency, predominantly driven by input cost inflation, and the impact of spreading fixed costs over lower sales volume.

Cost of goods sold per hectoliter in local currency increased by 4% in 2008, with approximately 2% of this change related to factored brand sales, and contract brewing sales. Comparable cost of goods sold for our U.K. owned brands increased by about 6% per hectoliter in local currency, driven by input cost inflation, higher pension costs, and the impact of spreading fixed costs over lower sales volume, partly offset by cost savings.

Marketing, general and administrative expenses

Marketing, general and administrative expenses in the U.K. increased by 7% in 2009 compared to 2008 in local currency, predominantly due to higher incentive compensation and sales-related costs in our new Cobra business.

Marketing, general and administrative expenses in the U.K. were relatively flat in 2008 compared to 2007 in local currency, as lower marketing spending was offset by higher bad debt and pension charges.

Special items, net

During 2009, the U.K. segment recognized $2.5 million of costs associated with the Cobra Beer Partnership, Ltd. acquisition and recognized employee severance costs of $3.2 million related to individuals not retained subsequent to the acquisition. Additionally, the U.K. segment recognized $2.8 million of employee termination costs related to supply chain restructuring activity and company-wide efforts to increase efficiency in certain finance, information technology and human resource activities by outsourcing portions of those functions. During 2009, the U.K. segment also

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established a non-income-related tax reserve. See Part II Item 8 Financial Statements and Supplementary Data, Note 9 "UNUSUAL OR INFREQUENT ITEMS" to the Consolidated Financial Statements for further discussion.

We recognized a net special credit of $4.5 million in 2008 and $14.1 million of special charges 2007. In 2008, special items were predominately employee termination costs associated with the U.K. supply chain and back-office restructuring efforts offset by a one-time gain on the sale of non-core business assets of $2.7 million and a one-time pension gain of $10.4 million due to the cessation of employee service credit to its defined benefit pension plan.

Other (expense) income, net

We incurred net other expense of $4.7 million, $4.2 million and $0.1 million in 2009, 2008 and 2007, respectively. The 2009 items include $3.6 million of leasehold costs and $1.2 million of foreign currency loss. The increase noted in 2008 is due to profit from our distribution joint venture, Tradeteam, being included in other income in 2007, but reclassified to cost of goods sold in 2008.

Interest income

Interest income is earned on trade loans to U.K. on-premise customers. Interest income in local currency declined 8% in 2009 compared to the prior year due to a reduction in trade loan balances. Interest income was unchanged in local currency in 2008 versus 2007.

MCI and Corporate

MCI is focused on growing and expanding our business and brand portfolios in global development markets. Our current businesses in Asia, continental Europe, Mexico and Latin America (excluding Puerto Rico) are included in MCI and combined with our corporate business activities for reporting purposes. Corporate also includes corporate interest and certain other general and administrative costs that are not allocated to any of the operating segments. The majority of these corporate costs relate to worldwide administrative functions, such as corporate affairs, legal, human resources, accounting, treasury, insurance and risk management.

	Fiscal year ended				
	December 26, 2009	**% change**	**December 28, 2008**	**% change**	**December 30, 2007**
	(In millions, except percentages)				
Volume in hectoliters(1)	0.528	21.4%	0.435	(3.8)%	0.452
Net sales	$ 73.9	17.5%	$ 62.9	(6.0)%	$ 66.9
Cost of goods sold	(43.3)	N/M	(38.0)	0.3%	(37.9)
Gross profit	30.6	22.9%	24.9	(14.1)%	29.0
Marketing, general and administrative expenses	(157.7)	14.5%	(137.7)	(4.8)%	(144.6)
Special items, net	(0.9)	N/M	(58.2)	N/M	(13.4)
Operating loss	(128.0)	(25.1)%	(171.0)	32.6%	(129.0)
Interest expense, net	(94.2)	(16.3)%	(112.5)	(6.1)%	(119.8)
Debt extinguishment costs		N/M	(12.4)	N/M	(24.5)
Other income (expense), net	4.3	N/M	(13.5)	N/M	(3.9)
Loss before income taxes	$ (217.9)	(29.6)%	$ (309.4)	11.6%	$ (277.2)

N/M = Not meaningful

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(1) Volumes represent net sales of owned brands, joint venture brands and exclude factored brand net sales volumes.

Volume, net sales and cost of goods sold

Volume, net sales and cost of goods sold primarily reflect our operations in Asia, continental Europe, Mexico and Latin America (not including Puerto Rico) and represent our initiatives to grow and expand our business and brand portfolios in global development markets.

Marketing, general and administrative expenses

Marketing, general and administrative expenses in 2009 were $157.7 million, an increase of $20.0 million from 2008. This increase was largely attributable to 2009 incentive compensation expenses. Marketing, general and administrative expenses in 2008 were $137.7 million, down $6.9 million from 2007. This decrease was largely attributable to transfers of allocable costs to the operating segments from the corporate center, lower legal fees and reduced severance fees, partially offset by increased incentive compensation.

Special items, net

In 2009, we incurred $0.9 million of special charges, a decrease of $57.3 million compared to 2008. The $58.2 million of special charges in 2008 were a result of $28.8 million of deal costs and integration planning costs associated with the formation of MillerCoors. We also recognized $22.8 million of transition costs paid to our third-party vendor associated with the start-up of our outsourced administrative functions. Last, we incurred $6.6 million associated with other strategic initiatives. See Part II Item 8 Financial Statements and Supplementary Data, Note 9 "UNUSUAL OR INFREQUENT ITEMS" to the Consolidated Financial Statements for further discussion.

Interest expense, net

Net interest expense totaled $94.2 million in 2009, a decrease of $18.3 million compared to 2008. The decrease was related to the weakening of CAD versus USD and the deconsolidation of BRI offset by lower interest income. In 2008, net interest expense totaled $112.5 million, $7.3 million lower than the prior year. The decrease was primarily a result of lower average net debt levels outstanding. We also recognized a $12.4 million charge as a result of the debt extinguishment costs during 2008. See Part II Item 8 Financial Statements and Supplementary Data, Note 14 "DEBT" to the Consolidated Financial Statements for further discussion.

During the first quarter of 2009, we adopted a new accounting pronouncement related to accounting for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement). The adoption, which requires retroactive application, impacted the historical accounting for the 2007 2.5% Convertible Senior Notes due July 30, 2013. For the years ended December 26, 2009, December 28, 2008 and December 30, 2007, the additional non-cash interest expense was $16.4 million, $15.8 million and $8.4 million, respectively. See Part II Item 8 Financial Statements and Supplementary Data, Note 2 "NEW ACCOUNTING PRONOUNCEMENTS" to the Consolidated Financial Statements for further discussion.

Other income (expense), net

Other income (expense), net in 2009 increased to $4.3 million of income from $13.5 million of expense in 2008 due to foreign currency exchange gains throughout 2009. Other expense, net in 2008 increased from 2007 due to greater foreign currency exchange losses throughout the year.

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Liquidity and Capital Resources

Our primary sources of liquidity are provided by operating activities, external borrowings and asset monetizations. As of December 26, 2009 and December 28, 2008, we had net working capital of $181.9 million and $121.0 million, respectively. We commonly operate at a low level of working capital or working capital deficits given the relatively quick turnover of our receivables and inventory. We had total cash and cash equivalents of $734.2 million at December 26, 2009 compared to $216.2 million at December 28, 2008. Current maturities of long-term debt were $300 million at December 26, 2009, representing senior notes due in September 2010. Long-term debt was $1,412.7 million and $1,752.0 million at December 26, 2009 and December 28, 2008, respectively. We believe that cash flows from operations, including distributions from MillerCoors, and cash provided by short-term borrowings, when necessary, will be more than adequate to meet our ongoing operating requirements, scheduled principal and interest payments on debt, dividend payments and anticipated capital expenditures. Our business generates positive operating cash flow and the majority of our debt maturities, with the exception of the $300 million in current maturities mentioned above, are of a longer-term nature. Our liquidity could be impacted significantly by a decrease in demand for our products, which could arise from competitive circumstances, a downturn in consumer spending, a decline in the acceptability of alcohol beverages or any of the other factors we describe in Item 1A. "Risk Factors."

Operating Activities

Net cash provided by operating activities of $824.2 million for the 52 weeks ended December 26, 2009, was higher by $412.7 million from the 52-week period ending December 28, 2008.

- Cash contributions to pension plans were lower by $168.8 million versus 2008. In 2008, we made an additional contribution of $100 million into our UK pension plan to reduce our underfunded pension obligation, reducing our 2009 pension contributions by $20.8 million. In addition, contributions into our Canada pension plans were $47.2 million lower in 2009 compared to prior year.

- Operating Cash Flow attributable to the U.S. business was $401.1 million, an increase of $144.2 million from the prior year due primarily to cash collateral posted on derivatives in 2008, our 42% portion of which was $71.4 million, in addition to increased integration and synergy spending and pension funding during the last six months of 2008. US operations contributed $120.4 million of 2008 operating cash flow prior to their consolidation into MillerCoors. Additionally, MillerCoors distributions increased by $264.6 million due to full-year operations as well as increased synergies when compared to the distributions received for the six months in 2008.

- We paid approximately $50.9 million in income taxes, resulting in a decrease of $20.6 million paid for taxes versus the prior year.

Net cash provided by operating activities of $411.5 million for the 52 weeks ended December 28, 2008, was lower by $204.5 million from the 52-week period ending December 30, 2007.

- Contributions to defined benefit pension plans (excluding MillerCoors' contributions in the second half of 2008) were higher in 2008 versus 2007 by $25.9 million. We made a $100 million contribution to the U.K. pension plan near the end of the year, resulting in higher contributions to the U.K. plan in 2008 by $95.8 million when compared with 2007. Contributions to plans in Canada were higher by $4.0 million, offset by lower contributions to U.S. plans of $73.9 million (again, excluding MillerCoors contributions in the second half of 2008). There was a discretionary $50.0 million contribution to the U.S. plan in 2007.

- Cash outflows paid by our U.S. business (prior to formation of MillerCoors) and our corporate group related to the formation of MillerCoors were higher by $59.5 million in 2008 than in 2007,

We paid approximately $40 million in employee withholding taxes during 2008 with the vesting of performance share units ("PSUs") with no comparable event in 2007. Offsetting these items was the 2007 final contribution to the Memphis employees' multiemployer pension plan of $27.6 million, an outflow that did not occur in 2008.

Distributions from MillerCoors for the six months ended December 31, 2008, were $136.5 million. MillerCoors placed approximately $170.0 million on deposit with aluminum suppliers and derivative counterparties due to collateral requirements related to an unfavorable fixed price contract and derivative positions related to aluminum hedging and other price risk mitigation programs. Our 42% portion of the collateral amount is $71.4 million. MillerCoors incurred severance restructuring and integration costs of $38.7 million in the last half of 2008, our 42% portion of which is $16.3 million. In addition MillerCoors incurred approximately $70.0 million of capital expenditures related specifically to synergy attainment, our 42% portion of which is $29.4 million. MillerCoors contributed $71 million to defined benefit pension plans in the last half of 2008, our 42% portion of which is $29.8 million.

Investing Activities

Net cash used in investing activities of $194.1 million for the year ended December 26, 2009 was lower by $75.4 million compared to 2008, primarily due to lower additions to properties in 2009. Higher additions in 2008 were attributable primarily to the US business prior to its consolidation into MillerCoors, as well as lower capital spending in the UK and Canada in 2009. In 2009, we invested $42.2 million on business acquisitions with no comparable activities in 2008. We also deconsolidated one of our Canadian subsidiaries, resulting in a decrease to cash of $26.1 million. Our net cash investment in MillerCoors increased investing cash by $18.0 million as we received additional returns on our investment. The 2009 activities also include the receipt of $53.3 million relating to the sale of our 19.9% common ownership interest in the Montréal Canadiens professional hockey club, an increase of $26.3 million as compared to cash received from the sale of other assets during 2008.

Net cash used in investing activities of $269.5 million for the year ended December 28, 2008 was lower by $169.6 million compared to 2007, primarily due to lower additions to properties in 2008. Higher additions in 2007 were related to the completion of the build-out and conversion of CBC's Shenandoah, Virginia facility from a packaging facility to a full brewery and packaging facility. The Shenandoah facility was contributed to MillerCoors in 2008 along with CBC's other assets and liabilities. 2007 additions also included CBL's $90.0 million expenditure for the purchase of kegs in the U.K. from our former third party logistics service provider. Investing activities were also favorable by $45.6 million due to purchases in 2007 and subsequent sales in 2008 of investment securities. We also purchased a U.K. wholesaler business for $26.7 million in 2007, with no comparable purchases in 2008. 2008 outflows included $84.3 million of cash contributed to MillerCoors at its initial formation.

Financing Activities

Our debt position significantly affects our financing activity. See Part II Item 8 Financial Statements and Supplementary Data, Note 14 "DEBT" to the Consolidated Financial Statements for a summary of our debt position at December 26, 2009 and December 28, 2008

Net cash used in financing activities totaled $117.2 million in 2009, compared to net cash used of $266.9 million during 2008, a favorable variance of $149.7 million. Included in net cash used in financing activities is a lower source of cash from the exercise of stock options of $15.9 million and a higher use of cash of $31.3 million due to a 20% dividend increase to external shareholders compared to the prior year. Net repayments of borrowings decreased by $154.3 million in 2009 compared to the prior year due to the early retirement of notes during 2008. Book overdrafts decreased by $23.8 million when compared to the prior year.

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Net cash used in financing activities totaled $266.9 million in 2008, compared to net cash provided of $8.4 million during 2007, an unfavorable variance of $275.3 million. We collected $150.5 million less in proceeds from employee exercises of stock options in 2008 versus 2007. During 2008, we repaid $181.3 million of long-term notes through early retirement. During 2007, our primary activities involved refinancing a significant portion of our debt portfolio by issuing $575.0 million in convertible notes, while repaying $625.0 million of our previously existing senior notes. We also spent a net $49.7 million for the purchase of a note hedge and sale of warrants associated with the convertible notes and $10.2 million for costs directly associated with the convertible notes offering.

Capital Resources

See Part II Item 8 Financial Statements and Supplementary Data, Note 14 "DEBT" to the Consolidated Financial Statements for a complete discussion and presentation of all borrowings and available sources of borrowing, including lines of credit. As discussed in the Financing Activities section above, during the second quarter of 2007, we issued $575.0 million of senior convertible notes, with a coupon rate of interest of 2.5%. In the third quarter of 2007, we used the proceeds of the convertible notes issuance, combined with other sources of cash, to retire $625.0 million of 6.375% senior notes due 2012 and fund additional related charges as noted above. On February 7, 2008, we announced a tender for and repurchase of any and all principal amount of our remaining 6.375% $225 million Senior Notes due 2012, with the tender period running through February 14, 2008. The amount actually repurchased was $180.4 million. The net costs of $12.4 million related to this extinguishment of debt and termination of related interest rate swaps was recorded in the first quarter of 2008. The debt extinguishment was funded by existing cash resources.

The majority of our remaining debt outstanding as of December 26, 2009, consists of publicly traded notes, with maturities ranging from 2010 to 2015. Our intention is to refinance our USD $300 million senior notes due in September 2010 (which has been swapped to a CAD $355 million obligation through a derivative cross currency swap), and have entered into a forward starting interest rate swap agreement for a portion of the outstanding amount. As start-up cash needs at MillerCoors will reduce in 2010 compared to 2009 and 2008, we will consider different alternatives for the use of cash generated from operations. We expect to take a balanced approach to our use of cash in 2010 and beyond, which could include pension plan funding, preserving cash flexibility for potential strategic investments, and other general corporate uses and maintaining liquidity. Any purchases of MCBC stock on the open market would require a board-approved plan, which does not currently exist.

Credit markets in the United States and across the globe have improved significantly since the financial crisis of late 2008 and the market is strong for corporate borrowing. Based on communications with the lenders that are party to our $750 million committed credit facility, we have no indication of any issues with our ability to draw on such credit facility if the need arose. We currently have no borrowings outstanding on this facility. In addition, we have uncommitted lines of credit with several banks should certain business units need additional liquidity, see Part II Item 8 Financial Statements and Supplementary Data, Note 14 "DEBT" to the Consolidated Financial Statements.

Credit Rating

On May 8, 2009, Standard and Poor's lowered our long-term credit rating to BBB- from BBB and changed the outlook to stable from a negative watch. Standard and Poor's believes that Molson Coors' business profile benefits from some geographic diversity, good brand recognition, and historically good cash flow generation; however, the long-term rating was lowered due to high debt leverage, challenging industry conditions in the mature and low-growth markets in which we compete, and integration risks related to MillerCoors. The stable outlook reflects Standard and Poor's expectations that credit ratios will remain close to current levels in the near term due to challenging

market conditions and expected cash needs related to the MillerCoors joint venture. Any future downgrade to "below investment grade" would increase borrowing costs under our revolving line of credit (under which there were no borrowings as of December 26, 2009, or December 28, 2008), and trigger certain collateral requirements and early termination requirements on out-of-the-money derivative liabilities, as discussed in Part II Item 8 Financial Statements and Supplementary Data, Note 19 "DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES" to the Consolidated Financial Statements.

MillerCoors

MillerCoors distributes its excess cash to its owners, SABMiller and MCBC, on a 58%/42% basis, respectively. MillerCoors does not carry significant debt obligations, and there are no restrictions from external sources on its ability to make cash distributions to its owners. However, we expect that our 2010 operating cash flows and investing cash flows will be unfavorably impacted by MillerCoors' internal cash flow requirements. We anticipate that MillerCoors will spend approximately $50 million in 2010 related to restructuring and integration costs, and capital spending, to capture synergies. This compares to $221 million in 2009. Also, MillerCoors' contributions to its defined benefit pension plans are expected to be $100 million - $120 million in 2010 compared to $117 million in 2009.

Capital Expenditures

In 2009, we spent $124.7 million on capital improvement projects worldwide. Of this, approximately 52% was in support of the U.K. segment, with the remainder split between Canada (35%) and MCI and Corporate (13%). The capital expenditure plan for 2010 is expected to be approximately $150 million, excluding MillerCoors.

Contractual Obligations and Commercial Commitments

Contractual Cash Obligations as of December 26, 2009

	Payments due by period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
			(In millions)		
Total debt, including current maturities(1)	$ 1,776.8	$ 300.0	$ 44.6	$ 575.0	$ 857.2
Interest payments(2)	315.2	70.6	118.4	94.1	32.1
Derivative payments(2)	2,626.6	463.0	2,163.6		
Retirement plan expenditures(3)	136.2	46.3	16.5	18.9	54.5
Operating leases	119.4	27.7	37.7	20.9	33.1
Capital leases					
Other long-term obligations(4)	3,617.0	1,048.0	630.0	428.8	1,510.2
Total obligations	$ 8,591.2	$ 1,955.6	$ 3,010.8	$ 1,137.7	$ 2,487.1

(1) Refer to debt schedule in Part II Item 8 Financial Statements and Supplementary Data, Note 14 "DEBT" to the Consolidated Financial Statements.

(2) The "interest payments" line includes interest on our bonds and other borrowings outstanding at December 26, 2009, excluding the cash flow impacts of any interest rate or cross currency swaps. Current floating interest rates and currency exchange rates are assumed to be constant throughout the periods presented. The "derivative payments" line includes the floating rate payment obligations, which are paid to counterparties under our interest rate and cross currency swap agreements, £530 million ($846 million at December 26, 2009 exchange rate) payment due the cross currency swap counterparty in 2012, CAD$1,201 million ($1,144 million at December 26,

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2009 exchange rates) payment due the cross currency swap counterparty in 2012, and CAD $355 million ($339 million at December 26, 2009 exchange rates) payment due the cross currency swap counterparty in 2010 Current floating interest rates and currency exchange rates are assumed to be constant throughout the periods presented. We anticipate receiving a total of $2,190 million in fixed and floating rate payments from our counterparties under the swap arrangements, which offset the payments included in the table. As interest rates increase, payments to or receipts from our counterparties will also increase.

	Net interest payments, including swap receipts and payments by period			
Total	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
		(In millions)		
$751.6	$ 119.6	$ 505.8	$ 94.1	$ 32.1

(3)

Represents expected contributions under our defined benefit pension plans in the next twelve months and our benefits payments under retiree medical plans for all periods presented.

(4)

Approximately $187 million of the total other long-term obligations relate to long-term supply contracts with third parties to purchase raw material and energy used in production. Approximately $1,230 million relates to commitments associated with Tradeteam in the United Kingdom. The remaining amounts relate to sales and marketing, information technology services, open purchase orders and other commitments.

Not included in these contractual cash obligations are $65.0 million of unrecognized tax benefits and $18.7 million of indemnities provided to FEMSA for which we are unable to make estimates for timing of any related cash payments.

Other Commercial Commitments as of December 26, 2009

	Amount of commitment expiration per period				
	Total amounts committed	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
			(In millions)		
Standby letters of credit	$ 17.4	$ 17.4	$	$	$

Advertising and Promotions

As of December 26, 2009, our aggregate commitments for advertising and promotions, including sports sponsorship, total approximately $205 million over the next five years and thereafter. Our advertising and promotions commitments are included in other long-term obligations in the contractual cash obligations table above.

Pension Plans

Our consolidated, unfunded pension position at the end of 2009 was approximately $626.1 million, an increase of $307.1 million from the end of 2008. Our unfunded position in the U.K. increased from $222.9 million at the end of the 2008 to $507.8 million at the end of 2009 due mainly to actuarial losses in the discounted benefit obligation of $375.3 million and a $26.9 million increase to the net liability as a result of foreign exchange translation (GBP strengthened versus the USD during 2009). Actuarial losses were due to a lower discount rate used to value the obligation given lower corporate bond rates, and higher long-term inflation assumptions consistent with U.K. market dynamics given our U.K. plan benefits are partially indexed to inflation. Offsetting these items was a $226.5 million gain on plan assets. Our net unfunded position in Canada increased from $89.2 million to $110.9 million, despite the deconsolidation of BRI. The increase was attributable to actuarial losses to the discounted benefit

obligation of $87.9 million and a $11.0 million increase to the net liability as a result of foreign exchange translation (CAD strengthened versus the USD during 2009). Actuarial losses were due to a lower discount rate used to value the obligation as a result of lower corporate bond rates. Offsetting these items was a $62.8 million gain on plan assets and the deconsolidation of BRI which had an unfunded position of $31.4 million at the end of 2008. See Part II Item 8 Financial Statements and Supplementary Data, Note 17 "EMPLOYEE RETIREMENT PLANS" to the Consolidated Financial Statements for more detail on the funded status of these plans.

We fund pension plans to meet the requirements set forth in applicable employee benefits laws. Sometimes we voluntarily increase funding levels to meet expense and asset return forecasts in any given year. Pension contributions on a consolidated basis were $59.8 million in 2009. MillerCoors contributed $117.3 million to its pension plans in 2009. Excluding MillerCoors, we anticipate making approximately $35 million - $40 million of both statutory and voluntary contributions to our pension plans in 2010. As a result of a $100.0 million contribution to the U.K. pension plan in late 2008, there were not contributions to that plan in 2009 and none are required until 2012. Our U.K. pension plan is subject to a statutory valuation for funding purposes every three years, with the next valuation being as of June 30, 2010. Considering the unfunded status of the U.K. pension plan, its 2010 statutory valuation could result in a long-term funding commitment plan. We have taken numerous steps in recent years to reduce our exposure to these long-term obligations, including the closure of the U.K. pension plan to future earning of service credit in early 2009 and benefit modifications in several of our Canada plans. However, given the net liability of these plans, and their dependence upon the global financial markets for their financial health the plans will continue to require potentially significant amounts of cash funding.

Postretirement Benefit Plans

Our consolidated, unfunded postretirement benefit position at the end of 2009 was approximately $159.7 million, a decrease of $50.5 million from the end of 2008. The decrease was due mainly to the deconsolidation of BRI for $68.4 and plan amendments in Canada of $19.1 million. These consolidated decreases were offset by actuarial losses of $8.4 million and an increase to the liability as a result of foreign exchange translation of $21.5 million. Benefits paid under our postretirement benefit plans were approximately $5.3 million in 2009 and $17.6 million in 2008. Under our postretirement benefit plans, we expect payments of approximately $7.4 million in 2010. See Part II Item 8 Financial Statements and Supplementary Data, Note 18 "POSTRETIREMENT BENEFITS" to the Consolidated Financial Statements for more detail on these plans.

Contingencies

We enter into contractual arrangements under which we may agree to indemnify third parties from any losses or guarantees incurred relating to pre-existing conditions arising from certain events as defined within the particular contract, which may include, for example, litigation or claims relating to past performance. See Part II Item 8 Financial Statements and Supplementary Data, Note 21 "COMMITMENTS AND CONTINGENCIES" to the Consolidated Financial Statements for a discussion of our indemnity and environmental obligations.

We provide indemnities to FEMSA regarding certain tax, civil and labor claims, including cases related to purchased tax credits. See Part II Item 8 Financial Statements and Supplementary Data, Note 21, under the caption "COMMITMENTS AND CONTINGENCIES Indemnity Obligations Sale of Kaiser," to the Consolidated Financial Statements, for a detailed discussion.

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Off-Balance Sheet Arrangements

As of December 26, 2009, we did not have any material off-balance sheet arrangements (as defined in Item 303(a)(4)(ii) of Regulation S-K).

Outlook for 2010

In 2010, we will continue to focus on building strong brands, reducing costs in each of our businesses, and generating cash. We expect volume to remain challenging, especially in the first half, but we are focused on continuing to establish a strong brand base to our business that ensures we not only manage the current market but that we take full advantage of revenue upsides when market momentum improves.

In Canada, we expect a return to normal industry growth levels when the Canadian economy improves, but this timing is uncertain. Regardless of economic conditions, we continue to anticipate a challenging competitive environment, with extensive price discounting and increased investment related to offering enhanced value propositions to consumers. We have begun to implement against our commitment to improve the brand portfolio in Canada with the launches of *Rickard's Dark*, *Molson "M,"* and *Molson Canadian 67*, the lowest calorie beer in Canada, and saw favorable volume strength in the latter part of the 4th quarter as a result. This focus has continued into 2010 with the January launch of Keystone Light and Keystone Lager into the Ontario and Western regions, as well as a redesign of our Carling packaging in Canada to reflect the visual appeal of the biggest beer brand in the U.K. These portfolio enhancements leverage our global brand set and are designed to strengthen our value offerings in the Canada regions where we have faced significant challenges, specifically from the smaller brewers who have been market share beneficiaries for the past two years. We are also hosting Olympic fans in our 65,000 square-foot Molson Canadian Hockey House, built especially for the Vancouver Olympic Games, which occurs in February 2010.

In the U.S., MillerCoors will continue working to deliver its $500 million synergy commitment and an additional $200 million in incremental cost savings, while maintaining strong investment behind the MillerCoors strategic brands.

In the U.K., the business is now on much firmer footing and has made substantial progress in improving profitability. During 2010 we expect incremental benefits to accrue from our Cobra business, which we acquired late in second quarter 2009, including bringing production in-house during the course of 2010. We are also in the process of implementing a new enterprise information system in the fall of 2010. While we expect moderate implementation costs in the near term, this system will help drive efficiencies in future years. We closed our UK defined benefit pension plan to future accrual in April 2009, with a view to minimizing future risk and exposure. Despite a recent improvement in the global economic outlook, pension-related interest rates have fallen to historic lows, and equity values remain below peak levels of two years ago. As a result, we expect our 2010 UK pension expense to be approximately $32 million higher than in 2009. We do not expect the deterioration in funded status to have an impact on UK cash contributions in 2010.

Regarding costs, our management teams continue to reduce costs in each business. The current inflationary environment presents a significant challenge for us to overcome by continuing to drive pricing and cost savings across many areas of our business.

- In Canada, we currently expect our 2010 cost of goods sold per hectolitre in local currency to decrease at a low-single-digit rate as we anticipate that cost inflation to be more than offset by continued delivery of our RFG cost savings.

- MillerCoors expects to achieve $450 million toward the commitment of $500 million of cumulative annual synergies by the end of 2010. Additionally, the U.S. team will continue to

work toward its incremental second-generation cost reductions of $200 million with expected completion in 2012.

In a challenging industry volume environment, we expect 2010 U.K. cost of goods per hectoliter to increase at a mid-single-digit rate in local currency. Drivers include a shift in our sales mix toward the high-cost off-premise channel and product mix reflecting more Cobra and draught Magners volume. We expect cost of goods comparisons to be more challenging in the first half of the year than the second half.

With regard to foreign currency impacts, if the Canadian Dollar and British Pound remain consistent relative to the U.S. Dollar, we may face substantial currency translation impacts throughout 2010 when compared with the 2009 actual results for those periods:

At 2009 year end rates, Canadian Dollar appreciation would positively impact our Canada pretax earnings by approximately 5% to 20% over prior-year pretax earnings in each of the first three quarters of 2010, with minimal appreciation in the 4th quarter. We anticipate our debt structure and currency hedging programs would offset about 50% to 60% of this foreign currency translation impact in 2010.

British Pound appreciation would positively impact our U.K. pretax earnings by about 5% in the second quarter of 2010, with a slight depreciation in the third and fourth quarters. Our U.K. business generally reports a small loss in the first quarter, so currency effects are minimized. We have no significant currency hedges focused on British Pound exposures.

We forecast full-year 2010 MCI and Corporate marketing, general and administrative expense of approximately $180 million, plus or minus 5%.

Interest

We anticipate 2010 Corporate net interest expense of approximately $105 million at December 26, 2009, foreign exchange rates, excluding U.K. trade loan interest income.

Tax

Our tax rate is volatile and may move up or down with changes in, among other things, the amount and source of income or loss, our ability to utilize foreign tax credits, changes in tax laws, and the movement of liabilities established pursuant to authoritative guidance as statute of limitations expire or positions are otherwise effectively settled. We anticipate that our 2010 effective tax rate on income will be in the range of 18% to 22%. We continue to expect our normalized long-term tax rate to be in the range of 22% to 26% after 2010. In addition, there are other pending law changes in the U.S., U.K., and Canada that if enacted, could have an impact on our effective tax rate.

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, or U.S. 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 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.

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Pension and Postretirement Benefits

We have defined benefit plans that cover the majority of our employees in Canada and the United Kingdom. We also have postretirement welfare plans in Canada and the United States that provide medical benefits for retirees and eligible dependents and life insurance for certain retirees. The accounting for these plans is subject to guidance regarding employers' accounting for pensions and employers' accounting for postretirement benefits other than pensions. This guidance requires that management make certain assumptions regarding 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 are critical accounting estimates because they are highly susceptible to change from period to period based on market conditions.

At the end of each fiscal year, we perform an analysis of high quality corporate bonds and compare the results to appropriate indices and industry trends to support the discount rates used in determining our pension liabilities in Canada. We reference a published bond index rate whose duration reflects our obligations in determining our discount rate with respect to U.K. pension liabilities. Discount rates and expected rates of return on plan assets are selected at the end of a given fiscal year and impact expense in the subsequent year. A 50 basis point change in certain assumptions made at the beginning of 2009 would have had the following effects on 2009 pension expense:

Description of pension sensitivity item	Impact to 2009 pension costs -50 basis points (unfavorable) favorable Reduction	Increase
	(In millions)	
Expected return on Canada salary plan assets, 4.40%	$ (1.5)	$ 1.5
Expected return on Canada hourly plan assets, 6.70%	$ (4.1)	$ 4.1
Expected return on Canada nonqualified plan assets, 2.30%	$ (0.2)	$ 0.2
Expected return on U.K. plan assets, 7.45%	$ (8.7)	$ 8.7
Discount rate on Canada salary pension expense, 6.10%	$ 0.4	$ 0.2
Discount rate on Canada hourly pension expense, 6.40%	$ 0.2	$ 1.6
Discount rate on Canada nonqualified pension expense, 6.10%	$ 0.1	$ (0.1)
Discount rate on U.S. nonqualified pension expense, 5.98%	$	$
Discount rate on U.K. pension expense, 6.45%	$ (7.2)	$ 0.6

Certain components of pension and postretirement benefits expense are impacted by methodologies that normalize, or "smooth," changes to the funded status of the liabilities with respect to their recognition in the income statement. We employ two primary methodologies in this respect: the "market-related value" approach for asset valuation and the "corridor approach" for amortizing actuarial gains and losses.

Our expected return on assets percentage factor is not applied to the actual market value of assets as of the end of the preceding year in determining that component of pension expense; rather it is applied to the "market-related value," which employs an asset smoothing approach to the asset pools. While employer contributions and realized gains and losses (such as dividends received or gains and losses on sales of assets) are reflected immediately in the "market-related value" of assets, unrealized gains and losses are amortized into the "market-related value" over five years. Therefore, only 20% of the significant unrealized losses in asset values experienced in the later part of 2008 will enter into "market-related value" asset pools upon which 2009 expected return on plan assets (a component of pension expense) will be calculated. However, those losses continue to be amortized into the "market-related value" pools of assets through 2013. Therefore, if asset values do not recover or recover more

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slowly than they declined, future years' pension expense will continue to be impacted by the losses experienced in prior years.

Our pension and postretirement plans expense is also influenced by the amortization (or non-amortization) of gains and losses. Gains and losses occur when actual experience differs from estimates and assumptions with regard to asset returns, discount rates and other estimates related to plan participants, such as turnover, mortality and rate of salary increases.

Such gains and losses impact the funded status of our plans when they are measured, with an offset in other comprehensive income, thereby deferring their recognition in the income statement. We employ a "corridor" approach for determining the potential amortization of these gains and losses as a component of pension and postretirement plans' expense. To the extent gains and losses are greater than a set threshold or "outside the corridor," the difference is amortized over the remaining working life of the plan's participants. If a plan has been closed, such as our U.K. Plan as of April 1, 2009, the remaining life of all plan participants (including retirees) is used for the amortization period. The corridor is defined as the greater of 10% of a plan's projected benefit obligation or 10% of a plan's assets.

The "market-related value" approach for asset impacts the amortization of gains and losses because any one year's plan assets' gains or losses are amortized over a five year period (20% per year) when determining the gains and losses to be compared to the 10% corridor. Similar to the impact on expected return on plan assets discussed above, this may result in significant movements in pension expense for several years following a significant loss or gain, such as the loss we experienced in 2008 due to the global financial crisis.

Due to decreases in discount rates, increases in inflation assumptions and the continued softness in asset values, deferred losses in our U.K. plan exceeded 10% of its projected benefit obligation, triggering amortization of a portion of such losses in 2010. We continue to exceed the 10% corridor in several of our Canadian plans.

MillerCoors also employs a corridor approach with regard to amortizing gains and losses present in their pension and postretirement plans. However, MillerCoors uses the "market value" approach to determine plan asset gains and losses to be compared to the corridor, meaning there is no smoothing of those asset gains and losses over five years. As a result, MillerCoors pension expense is subject to additional volatility when compared to MCBC's plan. During 2009, MillerCoors recognized $24.0 million in additional expense due to plan amendments. We anticipate that MillerCoors will recognize pension expense of approximately $70 million in 2010, which is consistent with 2009 pension expense excluding the effects of these plan amendments. This will favorably impact our equity method income in 2010 from MillerCoors. See Part II Item 8 Financial Statements and Supplementary Data, Note 17 "EMPLOYEE RETIREMENT PLANS" and Note 18 "POSTRETIREMENT BENEFITS" to the Consolidated Financial Statements, for further information about the financial status of these plans.

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:

	1% point increase (unfavorable)	1% point decrease favorable
	(In millions)	
Canada plans (Molson)		
Effect on total of service and interest cost components	$ (1.4)	$ 1.2
Effect on postretirement benefit obligation	$ (15.8)	$ 14.3
U.S. plan		
Effect on total of service and interest cost components	$	$
Effect on postretirement benefit obligation	$ (0.2)	$ 0.2

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Equity assets are diversified between domestic and other international investments. Relative allocations reflect the demographics of the respective plan participants. The following compares target asset allocation percentages with actual asset allocations at December 26, 2009:

	Canada plans assets		**U.K. plan assets**	
	Target allocations	**Actual allocations**	**Target allocations**	**Actual allocations**
Equities	32.9%	30.8%	30.0%	35.0%
Fixed income	67.1%	68.5%	40.0%	39.5%
Hedge funds	0.0%	0.0%	15.0%	14.6%
Real estate	0.0%	0.0%	7.0%	4.4%
Other	0.0%	0.7%	8.0%	6.5%

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 any 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. See Part II Item 8 Financial Statements and Supplementary Data, Note 21 "COMMITMENTS AND CONTINGENCIES" to the Consolidated Financial Statements for a discussion of our contingencies, environmental and litigation reserves at December 26, 2009.

Historically, the valuation of a majority of our recorded liabilities for Kaiser indemnity obligations were determined using multiple probability-weighted scenarios. During 2009, FEMSA elected to participate in a Brazilian tax amnesty program. That program has substantially reduced penalties, interest, and attorneys' fees owed by FEMSA to the government. We consented to FEMSA's participation in the amnesty. As a result, a larger portion of our estimated liabilities associated with purchased tax credit cases are now considered probable losses under the indemnities, and were reclassified as current liabilities in 2009 to reflect our estimates of the timing of potential resolution. Despite our consent, we have not agreed to an amount we owe to FEMSA, and we are in discussions with FEMSA regarding the terms of the amnesty settlement and its impact on each party. We can make no assurances regarding the outcome of those discussions. Our indemnity to FEMSA also covers fees and expenses that Kaiser incurs to argue the cases through the administrative and judicial systems. Any costs associated with these items would be recognized in Discontinued Operations.

Because of FEMSA's participation in the amnesty program, we have determined that the great majority of those obligations represent probable losses, and as a result, our liabilities now reflect our best estimate of loss. Our estimate of probable loss assumes a one-time cash settlement of our indemnity obligations associated with purchased tax credits, with a release of future indemnity obligations for those items. If a one-time settlement is not reached with FEMSA, then our indemnity obligations would be paid over an extended period of time and we would continue to provide indemnity coverage to FEMSA as future events occur, which could cause volatility in the Discontinued Operations section of our statement of operations.

For the remaining portion of our indemnity obligations, we continue to utilize probability-weighted scenarios in determining the value of the indemnity obligations.

See Part II Item 8 Financial Statements and Supplementary Data, Note 21 "COMMITMENTS AND CONTINGENCIES" to the Consolidated Financial Statements.

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Goodwill and Other Intangible Asset Valuation

We evaluate the carrying value of our goodwill and indefinite-lived intangible assets for impairment annually, and we evaluate our other intangible assets for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. We completed the evaluations of goodwill and indefinite-lived intangible assets during the third quarter of 2009. With regard to goodwill, the fair values of our reporting units exceeded their carrying values, allowing us to conclude that no impairments of goodwill have occurred. With regard to our indefinite-lived intangible assets, most significantly Molson's core brands sold in Canada, the *Carling* brand sold in the U.K., and distribution rights to sell *Coors Light* in Canada, the fair values of the assets also exceeded their carrying values. Significant judgments and assumptions were required in the evaluation of goodwill and intangible assets for impairment. See Part II Item 8 Financial Statements and Supplementary Data, Note 13 "GOODWILL AND INTANGIBLE ASSETS" to the Consolidated Financial Statements for further discussion and presentation of these amounts.

We use a combination of discounted cash flow analyses and evaluations of values derived from market comparable transactions and earnings multiples of comparable public companies to determine the fair value of reporting units. Our cash flow projections are based on various long-range financial and operational plans of the Company. In 2009, discount rates used for fair value estimates for reporting units were 8.5% and 9% for Canada and the U.K., respectively. These rates are based on weighted average cost of capital, driven by, among other factors, the prevailing interest rates in geographies where these businesses operate, as well as the credit ratings and financing abilities and opportunities of each reporting unit. We use an excess earnings approach to determine the fair values of our indefinite-lived intangible assets. Discount rates used for testing of indefinite-lived intangibles ranged from 8.5% to 10%. These rates largely reflect the rates for the overall enterprise valuations, with some level of premium associated with the specificity of the intangibles themselves. Our reporting units operate in relatively mature beer markets, where we are reliant on a major brand for a high percentage of sales. Changes in the factors used in the estimates, including declines in industry or company-specific beer volume sales, margin erosion, termination of brewing and/or distribution agreements with other brewers, and discount rates used, could have a significant impact on the fair values of the reporting units and, consequently, may result in goodwill or indefinite-lived intangible asset impairment charges in the future.

Derivatives and Other Financial Instruments

The following tables present a roll forward of the fair values of debt and derivative contracts outstanding as well as their maturity dates and how those fair values were obtained (in millions):

Fair value of contracts outstanding at December 30, 2007	$	(2,839.7)
Contracts realized or otherwise settled during the period		454.0
Fair value of new contracts entered into during the period		22.3
Other changes in fair value		404.8
Fair value of contracts outstanding at December 28, 2008	$	(1,958.6)
Contracts realized or otherwise settled during the period		(157.8)
Fair value of new contracts entered into during the period		(9.1)
Other changes in fair value		(206.0)
Fair value of contracts outstanding at December 26, 2009	$	(2,331.5)

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	Fair value of contracts at December 26, 2009				
Source of fair value	Maturities less than 1 year	Maturities 1 - 3 years	Maturities 4 - 5 years	Maturities in excess of 5 years	Total fair value
Prices actively quoted	$	$ (51.5)	$ (642.9)	$ (906.6)	$ (1,601.0)
Prices provided by other external sources	(355.7)	(373.0)			(728.7)
Prices based on models and other valuation methods	(1.8)				(1.8)
	$ (357.5)	$ (424.5)	$ (642.9)	$ (906.6)	$ (2,331.5)

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, and for other strategic purposes related to our core business. We record our derivatives on the Consolidated Balance Sheet as assets or liabilities at fair value. Such accounting is complex, as are 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. See Part II Item 8 Financial Statements and Supplementary Data, Note 14 "DEBT" and Note 19 "DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES" to the Consolidated Financial Statements for additional information.

Our market-sensitive derivative and other financial instruments, as defined by the Securities and Exchange Commission ("SEC"), are debt, foreign currency forward contracts, commodity swaps, interest rate swaps, cross currency swaps and total return equity swaps. We monitor foreign exchange risk, interest rate risk, commodity risk, equity price risk and related derivatives using sensitivity analysis.

We have performed a sensitivity analysis (see below) to estimate our exposure to market risk of interest rates, foreign exchange rates, commodity prices and equity prices. The sensitivity analysis reflects the impact of a hypothetical 10% adverse change in the applicable market. 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.

	As of	
Estimated fair value volatility	December 26, 2009	December 28, 2008
	(In millions)	
Foreign currency risk:		
Forwards	$ (4.2)	$ (16.6)
Interest rate risk:		
Forward interest rate swaps	$ (4.6)	$
Debt, swaps	$ (120.4)	$ (74.5)
Commodity price risk:		
Swaps	$ (0.7)	$
Cross currency risk:		
Swaps	$ (1.3)	$ (6.5)
Equity price risk:		
Cash settled total return swap	$ (48.3)	$ (33.9)

Income Tax Assumptions

We account for income taxes in accordance with authoritative guidance. 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 have elected to treat our portion of all foreign subsidiary earnings through December 26, 2009 as permanently reinvested under accounting guidance and accordingly, have not provided for any U.S. federal or state tax thereon. As of December 26, 2009, approximately $1,140 million of retained earnings attributable to foreign subsidiaries was considered to be indefinitely invested. Our intention is to reinvest the earnings permanently or to repatriate the earnings when it is tax effective to do so. It is not practicable to determine the amount of incremental taxes that might arise were these earnings to be remitted. However, we believe that U.S. foreign tax credits would largely eliminate any U.S. taxes and offset any foreign withholding taxes due upon remittance.

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.

New Accounting Pronouncements Not Yet Adopted

Consolidation of Variable Interest Entities

In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance related to the consolidation of variable interest entities, which requires an enterprise to determine whether its variable interest or interests give it a controlling financial interest in a variable interest entity. The primary beneficiary of a variable interest entity is the enterprise that has both (1) the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. This amendment also requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity requiring consolidation. The guidance is effective for our first quarter ending March 27, 2010. We are currently evaluating the impact that this guidance may have on the determination or reporting of our financial results.

Related Party Transactions

Transactions with Management and Others

We employed members of the Coors and Molson families, who collectively owned 88% of the class A shares, common and exchangeable, of the Company throughout 2009. 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.

As of December 26, 2009, the Molson Foundation and other entities controlled by the Molson family collectively owned 44% of our Class A common and exchangeable stock, approximately 3% of our Class B common and exchangeable stock. As of December 26, 2009, various Coors family trusts collectively owned approximately 44% of our Class A common and exchangeable stock, approximately 12% of our Class B common and exchangeable stock.

During the fourth quarter of 2009, MCC sold its 19.9% indirect common ownership interest in the Montréal Canadiens professional hockey team, the Gillett Entertainment Group and certain related assets (collectively, the "Club") to CH Group Limited Partnership / Societe en commandite Group CH (formerly Racine Limited Partnership / Societe en commandite Racine) ("CH Group"). The general partner of CH Group and one of its limited partners are entities affiliated with Andrew and Geoff Molson who are both members of the Board of Directors of the Company. The selling price of our interest in the Club was based on the price at which CH Group purchased the 80.1% controlling interest in the Club from an independent third party. See Part II Item 8 Financial Statements and Supplementary Data, Note 4 "EQUITY INVESTMENTS" to the Consolidated Financial Statements for further discussion.

Subsequent to our fiscal year ended 2009, MCBC sold the Coors family home in Golden, Colorado to the Adolph Coors Company LLC for $540,000. The selling price was based on a market appraisal by an independent third party.

Certain Business Relationships

See Part II Item 8 Financial Statements and Supplementary Data, Note 4 "EQUITY INVESTMENTS" to the Consolidated Financial Statements regarding our significant related party transactions.

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ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Details of market sensitive derivative and other financial instruments, including their fair values, are included in the table below. These instruments include long-term debt, foreign currency swaps, commodity swaps, forward starting interest rate swaps, and cross currency swaps.

	Notional amounts by expected maturity date							December 26, 2009	December 28, 2008
	December								
	2010	2011	2012	2013	2014	Thereafter	Total	Fair value	Fair value
	(In millions)								
Long-term debt:									
USD $300 million, 4.85% fixed rate, due 2010(1)	$ 300.0	$	$	$	$	$	$ 300.0	$ (312.6)	$ (302.3)
CAD $200 million, 7.5% fixed rate, due 2011(2)									(169.1)
USD $850 million, 6.375% fixed rate, due 2012(3)			44.6				44.6	(51.5)	(46.8)
CAD $900 million, 5.0% fixed rate, due 2015(1)						857.2	857.2	(906.6)	(669.6)
USD $575 million, 2.5% convertible bonds, due 2013(4)				575.0			575.0	(642.9)	(629.7)
Foreign currency management:									
Forwards	198.7	112.6	28.0				339.3	(8.6)	52.1
Cross currency swaps(1)(3)	300.0		1,692.4				1,992.4	(413.0)	(197.3)
Commodity pricing management:									
Swaps	2.5						2.5	(0.8)	(1.6)
Interest rate pricing management:									
Forward starting interest rate swaps	190.5						190.5	6.3	
Interest rate swaps(2)									7.2
Equity pricing management:									
AUD $496.5 million total return swap	439.0						439.0	(1.8)	(1.4)

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

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 Canadian dollar ("CAD") and the British pound sterling ("GBP").

(1) Prior to issuing the bonds on September 22, 2005 (See Part II Item 8 Financial Statements and Supplementary Data, Note 14 "DEBT" to the Consolidated Financial Statements), we entered into a bond forward transaction for a portion of the Canadian offering. The bond forward transaction effectively established, in advance, the yield of the government of Canada bond rates over which the Company's private placement was priced. At the time of the private placement offering and pricing, the government of Canada bond rates was trading at a yield lower than that locked in with the Company's interest rate lock. This resulted in a loss of $4.0 million on the bond forward transaction. Per guidance pertaining to derivatives and hedging, the loss is being amortized over

the life of the Canadian issued private placement and will serve to increase the Company's effective cost of borrowing by 4.9 basis points compared to the stated coupon on the issue.

Simultaneously with the U.S. private placement we entered into a cross currency swap transaction for the entire USD $300 million issue amount and for the same maturity. In this transaction we exchanged our $300 million for a CAD $355.5 million obligation with a third party. The terms of the transaction are such that the Company will pay interest at a rate of 4.28% to the third party on the amount of CAD $355.5 million and will receive interest at a rate of 4.85% on the $300 million amount. There was an exchange of principal at the inception of this transaction and there will be a subsequent exchange of principal at the termination of the transaction. We have designated this transaction as a hedge of the variability of the cash flows associated with the payment of interest and principal on the USD securities. Consistent with guidance pertaining to derivatives and hedging, all changes in the value of the transaction due to foreign exchange are being recorded through the statement of operations and are being offset by a revaluation of the associated debt instrument. Changes in the value of the transaction due to interest rates are being recorded to other comprehensive income.

(2)

The BRI joint venture is a party to interest rate swaps, converting CAD $100.0 million notional amount from fixed rates to floating rates and mature in 2011. There was no exchange of principal at the inception of the swaps. These interest rate swaps qualify for hedge accounting treatment. We deconsolidated BRI from our financial statements in the first quarter of 2009.

(3)

We are a party to certain cross currency swaps totaling GBP £530.0 million (approximately USD $774 million at prevailing foreign currency exchange rates in 2002, the year we entered into the swaps). The swaps included an initial exchange of principal in 2002 and will require final principal exchange on the settlement date of our $6^{3}/_{8}$% notes due in 2012 (See Part II Item 8 Financial Statements and Supplementary Data, Note 19 "DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES" to the Consolidated Financial Statements for further discussion). The swaps also call for an exchange of fixed GBP interest payments for fixed USD interest receipts. At the initial principal exchange, we paid USD to a counterparty and received GBP. Upon final exchange, we will provide GBP to the counterparty and receive USD. The cross currency swaps have been designated as cash flow hedges.

(4)

On June 15, 2007, MCBC issued $575 million of 2.5% Convertible Senior Notes in a public offering discussed further in Part II Item 8 Financial Statements and Supplementary Data, Note 14 "DEBT" to the Consolidated Financial Statements.

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ITEM 8. Financial Statements and Supplementary Data

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MANAGEMENT'S REPORT

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 Molson Coors Brewing Company. The financial statements have been prepared in accordance with generally accepted accounting principles in the United States, 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. The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 26, 2009. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework*. Based upon its assessment, management concluded that, as of December 26, 2009, the Company's internal control over financial reporting was effective.

PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, provides an objective, independent audit of the consolidated financial statements and internal control over financial reporting. Their accompanying report is based upon an examination conducted in accordance with standards of the Public Company Accounting Oversight Board (United States), including tests of accounting procedures, records and internal controls.

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.

Peter Swinburn
President & Chief Executive Officer,
Molson Coors Brewing Company
February 19, 2010

Stewart Glendinning
Chief Financial Officer,
Molson Coors Brewing Company
February 19, 2010

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Of Molson Coors Brewing Company:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Molson Coors Brewing Company and its subsidiaries at December 26, 2009 and December 28, 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 26, 2009 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion the financial statement schedule listed in the index appearing under Item 15(a) (2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 26, 2009 based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions in 2007 and the manner in which it accounts for convertible debt and noncontrolling interests in 2009.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP
Denver, Colorado
February 19, 2010

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(IN MILLIONS, EXCEPT PER SHARE DATA)

	For the Years Ended		
	December 26, 2009	**December 28, 2008**	**December 30, 2007**
Sales	$ 4,426.5	$ 6,651.8	$ 8,319.7
Excise taxes	(1,394.1)	(1,877.5)	(2,129.1)
Net sales	3,032.4	4,774.3	6,190.6
Cost of goods sold	(1,726.9)	(2,840.8)	(3,702.9)
Gross profit	1,305.5	1,933.5	2,487.7
Marketing, general and administrative expenses	(900.8)	(1,333.2)	(1,734.4)
Special items, net	(32.7)	(133.9)	(112.2)
Equity income in MillerCoors	382.0	155.6	
Operating income	754.0	622.0	641.1
Other (expense) income, net			
Interest expense	(96.6)	(119.1)	(134.9)
Interest income	10.7	17.3	26.6
Debt extinguishment costs		(12.4)	(24.5)
Other income (expense), net, includes $46.0 gain in 2009 on related party transaction, see Note 4.	49.4	(8.4)	17.7
Total other expense, net	(36.5)	(122.6)	(115.1)
Income from continuing operations before income taxes	717.5	499.4	526.0
Income tax benefit (expense)	14.7	(96.4)	(1.0)
Income from continuing operations	732.2	403.0	525.0
Loss from discontinued operations, net of tax	(9.0)	(12.1)	(17.7)
Net income	723.2	390.9	507.3
Less: Net income attributable to noncontrolling interests	(2.8)	(12.2)	(15.3)
Net income attributable to Molson Coors Brewing Company	$ 720.4	$ 378.7	$ 492.0
Basic income (loss) per share:			
From continuing operations	$ 3.96	$ 2.14	$ 2.85
From discontinued operations	(0.05)	(0.07)	(0.10)
Basic net income per share	$ 3.91	$ 2.07	$ 2.75
Diluted income (loss) per share:			
From continuing operations	$ 3.92	$ 2.11	$ 2.81
From discontinued operations	(0.05)	(0.07)	(0.10)
Diluted net income per share	$ 3.87	$ 2.04	$ 2.71

Weighted average shares basic		184.4	182.6	178.7
Weighted average shares diluted		185.9	185.5	181.4
Amounts attributable to MCBC				
Income from continuing operations, net of tax		$ 729.4	$ 390.8	$ 509.7
Loss from discontinued operations, net of tax		(9.0)	(12.1)	(17.7)
Net income		$ 720.4	$ 378.7	$ 492.0

See notes to consolidated financial statements

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(IN MILLIONS)

	As of December 26, 2009	As of December 28, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 734.2	$ 216.2
Accounts and notes receivable:		
Trade, less allowance for doubtful accounts of $10.1 and $7.9, respectively	513.8	432.9
Affiliates	52.9	39.6
Current notes receivable and other receivables, less allowance for doubtful accounts of $2.8 and $3.3, respectively	150.5	162.9
Inventories:		
Finished	111.1	89.1
In process	18.3	13.4
Raw materials	43.6	43.3
Packaging materials	63.2	46.3
Total inventories	236.2	192.1
Maintenance and operating supplies, less allowance for obsolete supplies of $4.1 and $4.6, respectively	17.7	14.8
Other current assets, less allowance for advertising supplies	47.6	47.1
Discontinued operations	9.9	1.5
Total current assets	1,762.8	1,107.1
Properties, less accumulated depreciation of $843.4 and $673.5, respectively	1,292.5	1,301.9
Goodwill	1,475.0	1,298.0
Other intangibles, less accumulated amortization of $356.8 and $274.9, respectively	4,534.7	3,923.4
Investment in MillerCoors	2,613.6	2,418.7
Deferred tax assets	177.9	75.3
Notes receivable, less allowance for doubtful accounts of $7.3 and $8.1, respectively	48.7	51.8
Other assets	115.9	203.4
Discontinued operations		7.0
Total assets	$ 12,021.1	$ 10,386.6

See notes to consolidated financial statements.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

(IN MILLIONS, EXCEPT PAR VALUE)

	As of December 26, 2009	As of December 28, 2008
Liabilities and equity		
Current liabilities:		
Accounts payable:		
Trade	$ 193.4	$ 152.8
Affiliates	16.9	17.7
Accrued expenses and other liabilities	745.0	690.8
Deferred tax liabilities	167.1	107.8
Current portion of long-term debt	300.3	0.1
Discontinued operations	158.2	16.9
Total current liabilities	1,580.9	986.1
Long-term debt	1,412.7	1,752.0
Pension and post-retirement benefits	823.8	581.0
Derivative hedging instruments	374.2	225.9
Deferred tax liabilities	468.0	399.4
Unrecognized tax benefits	65.0	230.4
Other liabilities	185.0	47.6
Discontinued operations	18.7	124.8
Total liabilities	4,928.3	4,347.2
Commitments and contingencies (Note 21)		
Molson Coors Brewing Company stockholders' equity		
Capital stock:		
Preferred stock, non-voting, no par value (authorized: 25.0 shares; none issued)		
Class A common stock, voting, $0.01 par value (authorized: 500.0 shares; issued and outstanding: 2.6 shares and 2.7 shares at December 26, 2009 and December 28, 2008, respectively)		
Class B common stock, non-voting, $0.01 par value (authorized: 500.0 shares; issued and outstanding: 159.4 shares and 157.1 shares at December 26, 2009 and December 28, 2008, respectively)	1.6	1.6
Class A exchangeable shares, no par value (issued and outstanding: 3.2 shares at December 26, 2009 and December 28, 2008)	119.1	119.4
Class B exchangeable shares, no par value (issued and outstanding: 20.2 shares and 20.9 shares at December 26, 2009 and December 28, 2008, respectively)	761.8	786.3
Paid-in capital	3,441.5	3,334.6
Retained earnings	2,734.9	2,184.9
Accumulated other comprehensive (loss) income	20.7	(371.4)
Total Molson Coors Brewing Company stockholders' equity	7,079.6	6,055.4
Noncontrolling interests	13.2	(16.0)
Total equity	7,092.8	6,039.4
Total liabilities and equity	$ 12,021.1	$ 10,386.6

See notes to consolidated financial statements.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN MILLIONS)

	For the Years Ended		
	December 26, 2009	December 28, 2008	December 30, 2007
Cash flows from operating activities:			
Net income	$ 723.2	$ 390.9	$ 507.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	187.4	273.4	345.8
Amortization of debt issuance costs and discounts	19.4	17.1	13.2
Share-based compensation	22.8	55.9	37.4
(Gain) loss on sale or impairment of properties and intangibles	(38.1)	39.2	49.6
Excess tax benefits from share-based compensation	(21.7)	(8.3)	(28.1)
Deferred income taxes	127.8	78.6	(101.1)
(Gain) loss on foreign currency fluctuations and derivative instruments	(0.1)	(1.5)	7.1
Equity income in MillerCoors	(382.0)	(155.6)	
Distributions from MillerCoors	401.1	136.5	
Equity in net income of other unconsolidated affiliates	(6.9)	(24.1)	(6.6)
Distributions from other unconsolidated affiliates	16.6	7.5	9.3
Change in current assets and liabilities (net of assets acquired and liabilities assumed in business combinations) and other:			
Receivables	(63.3)	(128.2)	(47.7)
Inventories	(11.7)	39.3	(23.1)
Payables	21.0	(10.5)	(27.5)
Other assets and other liabilities	(180.3)	(310.8)	(137.2)
Operating cash flows of discontinued operations	9.0	12.1	17.6
Net cash provided by operating activities	824.2	411.5	616.0
Cash flows from investing activities:			
Additions to properties and intangible assets	(124.7)	(230.5)	(428.3)
Proceeds from sales of businesses and other assets	58.0	38.8	38.1
Proceeds from sales (purchases) of investment securities, net		22.8	(22.8)
Acquisition of businesses, net of cash acquired	(41.7)		(26.7)
Investment in MillerCoors	(514.5)	(84.3)	
Return of capital from MillerCoors	448.2		
Deconsolidation of Brewers' Retail, Inc.	(26.1)		
Investment in and advances to an unconsolidated affiliate		(6.9)	

Trade loan repayments from customers	32.1	25.8	32.3
Trade loans advanced to customers	(25.5)	(31.5)	(32.9)
Other	0.1	(3.7)	1.2
Net cash used in investing activities	(194.1)	(269.5)	(439.1)

See notes to consolidated financial statements.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(IN MILLIONS)

	For the Years Ended		
	December 26, 2009	**December 28, 2008**	**December 30, 2007**
Cash flows from financing activities:			
Exercise of stock options under equity compensation plans	43.1	59.0	209.5
Excess tax benefits from share-based compensation	21.7	8.3	28.1
Dividends paid	(170.4)	(139.1)	(114.8)
Dividends paid to noncontrolling interest holders	(2.9)	(20.3)	(17.0)
Proceeds from issuances of long-term debt		16.0	
Proceeds from issuance of convertible debt			575.0
Debt issuance costs			(10.2)
Sale of warrants			57.0
Purchase of call options			(106.7)
Payments on long-term debt and capital lease obligations	(0.4)	(181.3)	(631.0)
Proceeds from short-term borrowings	14.7	54.5	179.2
Payments on short-term borrowings	(17.0)	(47.3)	(180.5)
Net proceeds from (payments on) revolving credit facilities		1.1	(6.1)
Change in overdraft balances and other	(6.0)	(29.8)	20.7
Proceeds from settlements of debt-related derivatives		12.0	5.2
Net cash (used in) provided by financing activities	(117.2)	(266.9)	8.4
Cash and cash equivalents:			
Net increase (decrease) in cash and cash equivalents	512.9	(124.9)	185.3
Effect of foreign exchange rate changes on cash and cash equivalents	5.1	(35.9)	9.5
Balance at beginning of year	216.2	377.0	182.2
Balance at end of year	$ 734.2	$ 216.2	$ 377.0

See notes to consolidated financial statements.

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND NONCONTROLLING INTEREST

(IN MILLIONS)

		MCBC Shareholders							
			Accumulated other comprehensive income (loss)	Common stock issued		Exchangeable shares issued			
	Total	Retained earnings		Class A	Class B	Class A	Class B	Paid-in-capital	Non controlling Interest
Balance at December 31, 2006	$ 5,862.9	$ 1,673.5	$ 333.9	$	$ 1.3	$ 124.7	$ 1,311.0	$ 2,389.9	28.6
Exchange of shares					0.1	0.1	(365.7)	365.5	
Sale of warrants	57.0							57.0	
Purchase of call options	(66.0)							(66.0)	
Shares issued under equity compensation plan	238.8				0.1			238.7	
Amortization of stock based compensation	37.4							37.4	
Adjustment to adopt convertible debt guidance, see Note 2	64.2							64.2	
Adjustment to adopt guidance to account for uncertainty in income taxes, see Note 2	(105.4)	(105.4)							
Comprehensive income:									
Net income	507.3	492.0							15.3
Other comprehensive income (loss), net of tax:									
Foreign currency translation adjustments	783.2		783.2						
Unrealized loss on derivative instruments, net	(3.4)		(3.4)						
Realized gain (loss) on derivative instruments reclassified to net income, net	2.9		2.9						
Pension and other postretirement benefit adjustments	5.2		6.3						(1.1)
Other comprehensive income	1,295.2								
Dividends declared and paid	(131.8)	(114.8)							(17.0)
Balance at December 30, 2007	$ 7,252.3	$ 1,945.3	$ 1,122.9	$	$ 1.5	$ 124.8	$ 945.3	$ 3,086.7	$ 25.8
Exchange of shares					0.1	(5.4)	(159.0)	164.3	
Shares issued under equity compensation plan	24.6							24.6	
Amortization of stock based compensation	59.0							59.0	
Contribution to MillerCoors	108.2		134.5						(26.3)
Comprehensive income:									
Net income	390.9	378.7							12.2
Other comprehensive income (loss), net of tax:									
Foreign currency translation adjustments	(1,234.7)		(1,234.7)						
Unrealized gain (loss) on derivative instruments, net	49.0		49.0						
Realized gain (loss) on derivative instruments reclassified to net income, net	3.9		3.9						
Ownership share of equity method investees other comprehensive loss	(211.2)		(211.2)						
Pension and other postretirement benefit adjustments	(243.2)		(235.8)						(7.4)
Other comprehensive loss	(1,245.3)								

Dividends declared and paid	(159.4)	(139.1)							(20.3)
Balance at December 28, 2008	$ 6,039.4	$ 2,184.9	$ (371.4)	$	$ 1.6	$ 119.4	$ 786.3	$ 3,334.6	$ (16.0)

See notes to consolidated financial statements

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MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND NONCONTROLLING INTEREST (Continued)

(IN MILLIONS)

		MCBC Shareholders							
				Common stock issued		Exchangeable shares issued			
	Total	Retained earnings	Accumulated other comprehensive income (loss)	Class A	Class B	Class A	Class B	Paid-in-capital	Non controlling Interest
Exchange of shares						(0.3)	(24.5)	24.8	
Shares issued under equity compensation plan	61.0							61.0	
Amortization of stock based compensation	21.1							21.1	
Acquisition of a business	9.6								9.6
Deconsolidation of BRI	(5.7)								(5.7)
Comprehensive income:									
Net income	723.2	720.4							2.8
Other comprehensive income (loss), net of tax:									
Foreign currency translation adjustments	614.7		614.7						
Unrealized loss on derivative instruments, net	(28.7)		(28.7)						
Realized loss on derivative instruments reclassified to net income, net	(10.6)		(10.6)						
Ownership share of equity method investees other comprehensive income	56.7		56.7						
Pension and other postretirement benefit adjustments	(214.6)		(240.0)						25.4
Other comprehensive income	1,140.7								