

Summary: Molson Coors (TAP) is the world's fifth largest brewer with #1 or #2 market positions in Canada, the U.S. and the U.K., driven by a strong and diversified brand portfolio. It plays into our theme of investing in defensive businesses that cater to recurring consumer behavior. TAP shares have declined by 42% from their 2008 peak due to declining equity markets, a weak economy, rising input costs, and the negative impact from currency. There are also concerns about aggressive discounting in the Quebec retail channel and about TAP's potential interest in acquiring Australia's Foster's. We think investors have overreacted. As we discuss in the report, we view all of these factors as temporary and forecast strong earnings growth over the next 3 years.

The MillerCoors JV (42% TAP/ 58% SAB Miller) is the key to our investment thesis. The July 2008 combination offers considerable and readily attainable synergies, as both operations have direct geographic overlap in the U.S. The JV has targeted \$240M in annual savings by the end of 2009 and \$500M by mid 2011. This translates into 33% EPS accretion even assuming no top line growth. Based on discussions with distributors and several former TAP executives, we think the total savings could surpass \$500M by a meaningful amount. We note that management has well exceeded the original synergy targets from the 2005 Molson/Coors merger, and continues to find additional savings. The U.S. should account for about 45% of TAP's 2009 EBIT, and should serve as the catalyst for EPS growth over the next 2-3 years.

The MillerCoors JV provides critical scale in brewing, distribution, marketing and sourcing. It created an entity with a 30% U.S. market share and 38% of the growing "light beer" category. Anheuser-Busch, which was recently acquired by InBev, has a 48% share of the U.S. market. The two entities now control nearly 80% of the U.S. beer market (and >93% of the "light" category), which should ensure a sustainable rational pricing environment. Their combined stronghold on distribution also creates an impenetrable barrier for new entrants.

Coors Light has become a top global beer brand. It is the #2 brand in Canada, #3 in the U.S. and #8 in the world. It is benefiting from increased distribution in the U.S. as well as increased popularity globally, driven by a consistent and highly effective marketing message and a growing market for premium light beer. Package innovations, such as the Coors Light cold-activated bottle have been very successful at driving volume. Coors Light volume increased 6% worldwide in 2008 and has increased for 15 consecutive quarters.

TAP's Canada business (49% of EBIT) has very high margins and generates stable FCF. TAP has been brewing beer in Canada since 1786. It has a 40% share whereas competitor Labatt (also owned by AB-InBev) has a 45% share. TAP has optimized its Canadian brewery network while maintaining a strict cost discipline.

That should offset some of the pricing pressure that has arisen during the recent downturn. We think investors are underappreciating the value of the Canadian franchise. They also might be underestimating earnings power due to recent weakness in the Canadian Dollar.

TAP generates ample free cash flow and is positioned to drive significant growth in FCF over the next 2-3 years. The initial capital investments for the MC JV should cease after 2009 while the cost savings should continue to ramp up through 2011. Moreover, interest expense and non-U.S. capex should both decline as well. As a result, we estimate FCF to increase from \$2.78 in 2009, to \$3.71 and \$4.27 in 2010 and 2011 respectively. This should enable TAP to invest in its key brands, reduce net debt and repurchase shares. TAP did not repurchase shares during the past 3 years and is well positioned to reduce the share count. However, our estimates assume only a very modest repurchase.

TAP has a strong balance sheet with modest debt at attractive fixed rates and minimal near term maturities. This is a key advantage in today's credit environment. In contrast, competitor InBev borrowed heavily to complete its \$52B acquisition of Anheuser Busch. Over the past 4 years, TAP has generated ample FCF, reduced debt, monetized assets and aggressively funded its pension plans. Net debt/2009 EBITDA is just 1.3x and should drop below 1x by the end of 2010. This compares with a net debt multiple of 5x for InBev and 3.4x for the industry.

Although beer volume has been stagnant during the current economic decline, beer has held up well relative to most other consumer and retail offerings. We expect that resiliency to continue. Beer is a highly affordable item, and sales have proven to be resilient during prior economic downturns. Moreover, higher-priced imported beers are declining at a much faster clip than the core domestic brands, which is important since mainstream and value brands account for more than 90% of TAP's volume. Operating within a duopoly in both of its core markets with no private label competition, TAP also benefits from solid pricing power.

TAP should have good annual earnings visibility, (a rare characteristic in the current environment), although seasonality and periodic promotional activity could cause volatility in quarterly results. More importantly, we think the MillerCoors JV provides significant earnings growth potential. TAP is also attacking costs in Canada and the U.K. Moreover, spot advertising, a major expense in the beer business, has become meaningfully cheaper. There is also potential upside to our initial estimates from several areas. First, a stronger Canadian Dollar, which could prove to be a hedge against rampant U.S. government spending, would result in higher profits for TAP. Input costs have also declined markedly and comparisons y/y should become better in the latter half of 2009 as hedges roll off. Greater than

anticipated synergies from the MC JV could also drive earnings upside. Lastly, a meaningful share repurchase would lead to higher EPS compared to our forecasts.

The recent decline in the price of TAP shares presents an opportunity for investors to buy a dominant and stable global beer company with a solid balance sheet, substantial FCF and high barriers to entry, at a 2010 FCF yield of 11%. This compares to the current 2.8% yield on the 10-year Treasury note. Once investors recognize that EPS can increase at a double-digit rate, we expect TAP shares to receive a more typical multiple. Based on a multiple of 12.5x applied to our 2010e FCF, we are establishing an initial price target of \$46.50. This translates into an EV to EBITDA multiple of 7.4x. These multiples fall in the low-middle range of the 10-year average multiples for large publicly traded beverage companies, as we discuss in the report. Our initial target price would result in a total return of 38%. We think the downside risk is minimal although seasonality-driven quarterly earnings volatility could add interim risk. We also note that the share price has rebounded by 15% from its recent low (while we were completing our research). Thus, short-term oriented investors might want to wait for a more attractive entry point. The biggest risk to the share price, in our view, would be if TAP decides to pursue an acquisition of Foster's. A secondary risk is aggressive price promotions within the large grocery and big-box channels.

Following a decade of consolidation, beer has become a scale business in which a few behemoths dominate the global landscape. As a result, we view TAP as an attractive future acquisition target, perhaps in 1-2 years. By then, most of the JV synergies should have materialized and the underlying earnings power should be more apparent. Moreover, TAP's net debt and outstanding share count should also decline over the next several years, which should further enhance the per share value of the equity. As we discuss in the report, we estimate TAP's private market value at \$63/share.

Background:

Molson Coors (TAP) is the world's fifth largest brewer by volume. The company was created through the 2005 merger of Molson (founded in 1786) and Coors (founded in 1873). TAP has operations in Canada, the U.S. and the U.K. as well as in a number of emerging markets. Based on our 2009 estimates, TAP's EBIT is broken down as follows: Canada 49%; U.S. 45.5%; The UK 7.5%; and Global Markets -2%. Effective July 1, 2008, TAP and SABMiller, PLC combined their respective U.S. operations, Coors Brewing and Miller Brewing, into a joint venture company, MillerCoors. TAP holds an economic interest of 42% in the profits of the JV while SAB has 58%. Voting interests are shared 50/50. TAP's leading brands include Coors Light, Molson Canadian, Miller Lite, Carling, Molson Dry, Rickard's, Coors, Peroni and Keystone Light. Smaller but rapidly

growing brands include Blue Moon and MGD-64. TAP also has a 50/50 JV with Grupo Modelo, the largest Mexican Brewer, to import and market the Modelo beer portfolio in Canada. Leading Modelo brands include Corona, Negra Modelo and Pacifico. It also produces and distributes non-owned brands under license including Heineken, Amstel Light, Murphy's and Magners Draught Cider. TAP owns 20% of the Montreal Canadians hockey team.

Discussion:

1. TAP has a dominant presence in all three of its core geographic regions. In Canada, TAP has 40% of the market compared with Labatt's 45% share. In Canada, brewers receive generous tax incentives to produce and sell beer locally. They also sell directly to the retail and restaurant channels, unlike in the U.S. where the distributor adds a third tier to the profit pool. These factors enable TAP to achieve very high EBIT margins (25%) and to generate strong free cash flow. Its extensive brewery and distribution network also provide a formidable barrier to entry, while its scale gives TAP significant efficiencies in advertising, distribution and materials procurement. Thus, while TAP should continue to compete on price with Labatt in various markets, its overall sales and profits should remain relatively steady since neither company has an incentive for an all-out price war. Labatt is owned by AB-InBev (ABI), which is in the process of digesting its \$52B (\$45B in debt) acquisition of Anheuser-Busch.

Canada is a mature beer market with industry sales increasing at roughly 1% annually. Beer is typically sold at regulated liquor outlets, supermarkets, convenience stores, and on-premise (bars, restaurants etc.). In Canada, provincial governments regulate the pricing, sale, distribution and advertising of beer, with each province maintaining slightly different regulations. TAP's strategic brands account for 85% of its Canadian sales and grew at nearly 4% in 2008. These include Coors Light (the #2 beer in Canada), Molson Canadian, Rickard's, Creemore and Carling. TAP also has a 50/50 JV with Grupo Modelo, Mexico's largest brewer. Signed in January 2008, the JV enables TAP to import, distribute and market Modelo's leading brands (Corona, Negra Modelo, Pacifico) throughout Canada. The JV is accounted for on the equity method and is captured in the Canadian cost of goods (COGS) line.

In 2008, TAP's Canadian volume increased 0.1% on a comparable basis to 7.6M barrels, led by strong growth in Coors Light and Carling, offset by declines in Molson Canadian and several non-strategic brands. EBIT declined by 3.7% to \$463M. In Table 1, we detail TAP's Canadian EBIT. TAP faced several major headwinds in 2008. First, the poor consumer economy impacted beer consumption. Substantial increases in the cost of grains, aluminum, packaging and fuel also hurt profits. More specifically, COGS per barrel increased 8% in 2008, offset partially

by a net increase in revenue per barrel of 5.9% (pricing + mix). Moreover, TAP did not benefit from the Q408 decline in input costs due to existing hedging programs. It was also impacted by a significant decline in the Canadian Dollar (vs. US\$) in the latter half of the year, which caused Q4 earnings to miss estimates.

Looking ahead, we think both the currency and cost impacts should be much less of an issue. The Canadian Dollar could actually prove to be an inflation hedge given the country's large energy assets cast in the context of continuous dollar printing by the U.S. government. On the cost front, the prices of TAP's key inputs have declined markedly from the mid 2008 peak. For example, aluminum, wheat and crude oil have declined from their 2008 peaks by 56%, 58% and 64% respectively. TAP is also attacking corporate level expenses and has been optimizing its brewery network. It is also benefiting from declining advertising rates. Thus, we estimate cost increases to be far more benign in 2009 compared to 2008. If input prices were to remain subdued, TAP could benefit from significant cost comparisons beginning in Q409 and throughout 2010.

Table 1: Canada Segment EBIT

| \$Mil | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|-----------|---------|---------|---------|---------|---------|---------|
| Net Sales | 1,793.6 | 1,913.2 | 1,864.5 | 1,723.0 | 1,755.8 | 1,791.1 |
| EBIT | 470.1 | 480.7 | 462.4 | 438.5 | 452.1 | 464.7 |
| % margin | 26.2% | 25.1% | 24.8% | 25.4% | 25.7% | 25.9% |

* includes the effect of currency

A major investor concern has been the ongoing price discounting in the Quebec retail channel (primarily in the large grocery stores), where TAP holds a shrinking market share lead over Labatt. Labatt's Blue (and Bud Light) competes primarily with Coors Light and Molson Export in Canada. According to TAP, Quebec accounts for 25% of the beer volume in Canada. Moreover, on-premise sales account for 20% of the Quebec market, while the retail channel consists of 40% grocery and 40% independent retail (convenience and gas outlets). If we assume that 50% of the non-grocery retail channel is experiencing similar discounting (a conservative assumption), and assume similar margins across Canada, this would translate into Quebec retail accounting for about 7.5% of total company EBIT (.25*.49*.60). We note that outside of the province of Quebec, grocers do not sell beer because it is regulated and sold through brewer-owned entities. Labatt also has the share lead in most other provinces. Thus, Quebec is likely to represent the biggest threat of price discounting in Canada.

Labatt has been very aggressive in Quebec over the past year. Since it was acquired by InBev in 2004, Labatt has become much more cost competitive and is

able to withstand greater promotional pricing. A former TAP marketing executive told us that “they came in and began pushing very hard to reduce costs and gain share in Quebec, the only province where Labatt trails TAP.” We also note that Coors Light went from a virtual standstill to a major brand in Quebec very quickly. TAP management has stated that most of the discounting is occurring in the grocery channel within large chains such as Loblaws, with which it believes Labatt is contractually committed to a promotional pricing program through 2009. In fact, Labatt has been pricing key brands at the legal minimum price for much of the past year. TAP stated that it was initially offered the same multi-year deal in April 2008 and turned it down. Our recent channel check in Quebec found a case of Labatt Blue Light selling at a retail price discount of \$4 or 15% compared to Coors Light. This is essentially giving the beer away. For TAP, this means either increasing trade spending or reducing prices in order to defend its share. We think it is doing a bit of each.

With two companies controlling 85% of the Canadian market, one would assume that it would be in both parties’ interests to maintain rational pricing and the overall profit pool, as they do across most of Canada. Thus, it begs the question, is this problem cyclical or structural? We think it is the former. TAP has recently increased prices for Coors Light in Quebec and is most likely hoping that Labatt follows suit. ABI recently stated that it raised prices by 2.3% in Quebec in Q109, which is still far below TAP prices. Thus, for the moment, Labatt appears to be aiming to gain additional share, or it is simply locked into the Loblaw contract for most of 2009. Our estimates assume that the discounting continues through 2009 and that TAP increases promotional activity and/or trade spending. In our worst case scenario, TAP would match Labatt pricing in Quebec, which would reduce our annual EPS estimates by roughly \$0.14. Should pricing stabilize, however, there could be upside to our estimates.

2. On July 1, 2008 Molson Coors and SABMiller, PLC completed the previously agreed upon merger of their U.S. beer operations into a single joint venture, MillerCoors (MC). TAP holds a 42% economic interest in the JV and a 50% voting interest. Leo Kiely, the former CEO of TAP is the CEO of the JV. In our view, the creation of MC was a transformational deal for TAP, as it established a strong #2 competitor (estimated 30% share) to Anheuser-Busch (AB), which dominates the U.S. beer business with a 48% market share. The emergence of a strong duopoly should ensure a more rational long-term pricing environment with less promotional activity. Coincidentally, we think InBev’s November 2008 acquisition of AB should directly benefit MC by acting as a distraction to AB management during MC’s initial integration efforts. Moreover, the \$45B of acquisition debt incurred by ABI should provide an incentive to maintain strong U.S. pricing in order to maximize cash flow (AB has also been reducing sponsorship spending). With AB

and MC controlling nearly 80% of the market and virtually all of the distribution, new competitors face considerable entry barriers.

The U.S. beer market consists of a 3-tier distribution system consisting of brewers, distributors and retailers. The system is a product of the 21st amendment which ended prohibition in 1932. This mandated that alcoholic beverages would be regulated and controlled at the state level through a distribution network that would effectively police the sale of alcohol and ensure the accurate collection of state sales taxes. Today, there exists a national network of approximately 1,900 independent distributors which have exclusive territories and established long-term working relationships with their retail and on-premise customers. Both the distributors and retailers have been rapidly consolidating, which only emphasizes the strategic importance of the scale created by the JV formation. Prior to the JV, 58% of the combined volume utilized a shared distributor network. This effectively forced Miller and Coors to compete with each other at the wholesale level while AB was free to focus more on retail/consumers through its exclusive wholesaler network. Since the merger, MC has consolidated 70% of its distribution network with a current objective to increase that to 80%. Prior to the JV, Coors also suffered a competitive scale disadvantage with just 11% of the U.S. market. Today, MC has a 30% overall share and an estimated 38% share of the “light” beer category. Interestingly, MC and Anheuser control roughly 94% of the U.S. light category, which again bodes well for long-term pricing. We have spoken with several large beer distributors, all of whom think that the MC JV should result in a substantial competitive advantage for TAP. One major Chicago distributor commented that when MC tells it to jump, it responds, “how high”.

The MC portfolio is anchored by a strong position in the growing “premium light” category, which accounts for more than 50% of U.S. beer volume. Its premium light brands include Coors Light, Miller Lite, and the recently introduced MGD-64. Coors Light has achieved y/y volume growth for 15 consecutive quarters and is benefiting from increased points of distribution as it is far less represented in the U.S. compared to Bud Light. More importantly, Coors Light has a meaningful opportunity to increase distribution in territories where Miller has a strong presence. Since the distributor is already going to the location, it should be relatively inexpensive and simple to add Coors Light and potentially some of the other TAP brands, although this would require a strong sales effort. There is also an opportunity to eliminate smaller, irrelevant SKUs such as Milwaukee’s Best or Zima Extra Gold. Tim Wolf, the integration leader at MC, put it best when he said that “we had brands aimed at them and they had brands aimed at us.” When you eliminate these and address the distributor with a focused core of key brands, it is a far better situation.

Other key MC brands include Blue Moon, Keystone Light, Grolsch, Coors Banquet, Killian's, and Peroni. Blue Moon and Keystone Light grew volume by 30% and 16% respectively in 2008 despite the recession. MC recently launched MGD-64, a 64 calorie light beer that is targeted at women. The brand has taken off and offers considerable growth potential. One distributor commented that this could become an entirely separate category. In addition, with value brands gaining traction for the first time in many years, MC sees an opportunity to expand the distribution of Keystone Light, which has a very low presence across the U.S.

In contrast to the recent growth of Coors Light, Miller Lite has been declining for several years. First, Miller Lite has a much bigger presence in the on-premise channel compared to Coors Light. Thus, Miller Lite is being disproportionately impacted by the declining traffic in restaurants and pubs. MC also shed certain unprofitable business, primarily in chain stores, as it intends to rebuild the brand. Then, Miller Lite has suffered from the lack of a clearly defined, firmly positioned brand message. With the creation of the JV and new management, we think the brand can be stabilized, if not expanded, especially with the superior sales and marketing expertise of Coors. MC recently launched an entire new ad campaign that is focused on taste. TV spots have been running throughout the recent NCAA basketball tournament.

TAP has also been a leader in technology and innovation, especially within the Coors Light franchise. Its introduction of "cold-activated" bottles has been a great success, and is one of the key drivers to the brand's recent volume growth. In 2009, TAP is launching cold-activated cans. The technology is also being extended across geographies. We expect additional innovation in the near future.

3. Although the strategic impact of the MC JV is significant, the most compelling part, in our view, is the potential for capturing substantial synergies and cost savings. While we are typically skeptical of "promised" merger related savings, the combination of Miller and Coors in the U.S. offers clearly identifiable and achievable savings from the outset. TAP has estimated annual cost savings of \$500M by the third year after the formation of the JV. This would equate to roughly \$0.92 in additional EPS, or about 33% accretion, assuming no share repurchases. More than a year after the original agreement was signed, TAP has maintained its original \$500M estimate but has actually accelerated its timing.

Management has a solid track record of delivering and exceeding its cost reduction targets. It has far exceeded its original targets from the 2005 Molson/Coors merger, and is ahead of plan on a 2007 cost savings initiative. We spoke with several former TAP executives that were deeply involved in various manufacturing and supply chain functions. Each exhibited high confidence that MC would exceed its initial targets given the successful history of cost cutting as

well as the natural synergies that arise from combining the Miller and Coors operations. According to our contacts, Miller was the most proficient and lowest cost brewer while Coors was the best at sales and brand building. Thus, MC is taking the best of each and forming a very profitable entity.

Prior to the JV, Miller and Coors had substantial direct geographic overlap in the U.S. and possessed highly complementary assets. They often competed in the same wholesale and retail channels. Through the combination and strategic rationalization of the Miller and Coors brewery networks, TAP estimates it will achieve \$225M in annual savings in its supply chain by mid 2011. We detail our cost savings estimates in Table 2. Savings will come mostly from reductions in shipping distances and other supply chain efficiencies. Beer is relatively heavy and thus expensive to ship. Coors was shipping nearly 80% of its product from its Colorado facility, which was highly inefficient. Following the JV, however, production is being strategically coordinated among MC's 8 remaining breweries which are geographically balanced throughout the U.S. Freight savings alone are expected to save \$170M annually.

Table 2: JV Synergies

| \$ million | 2008 | 2009e | 2010e | 2011e | Total |
|----------------------------|-----------|-----------|-----------|-----------|------------|
| U.S. Supply Chain | 10 | 120 | 85 | 15 | 230 |
| Brewing/Packaging | 0 | 50 | 20 | 10 | 80 |
| MG&A, overhead, other | <u>18</u> | <u>45</u> | <u>85</u> | <u>50</u> | <u>198</u> |
| Incremental annual savings | 28 | 215 | 190 | 75 | 508 |
| Total Savings | 28 | 243 | 433 | 508 | 508 |

MC should also benefit from flexible bottling configurations and better utilization of brewing and packaging capacity. In addition, there are significant redundancies in the wholesaler network as 58% of Coors and Miller distributors were ordering and receiving product from both companies. These distributors will now deal with a single entity for all related products. The other major savings should come from eliminating redundancies in sales, customer service, IT, finance and other corporate functions. Lastly, MC will leverage its considerable scale to reduce expenses for advertising and materials purchasing. Additional savings could come from future reductions in capacity (MC is currently operating at 80%), although these are not in our forecasts.

4. TAP also operates in the U.K., where half of industry beer sales are made on premise, mostly at pubs and taverns. TAP's Carling brand has a leading share (18%) of the U.K. market and accounts for nearly 80% of TAP's U.K. volume. Coors Light is also experiencing strong growth in U.K. pubs. In addition, TAP

performs contract brewing for Heineken keg beer through a recent contract that should drive capacity utilization above 90% in 2009. TAP also entered into an exclusive contract to bring Draught Magner's Original Irish cider into the U.K. market. These contracts should ramp up throughout 2009 and offset some of the macro weakness in the U.K. The U.K. market has been negatively impacted by smoking bans implemented in 2007. A very weak economy combined with excessive excise taxes on beer has also hurt industry volume. In 2008, TAP's U.K. volume declined by 4.4%. A decline in the British Pound offset partially by strong pricing resulted in a total 2008 sales decline of 7.4%, while EBIT declined by 16% to \$74.3M. We forecast a further decline in EBIT in 2009 followed by a moderate rebound in 2010. Our U.K. estimates are well below the consensus. However, since the U.K. accounts for just 7% of TAP's overall EBIT, we don't expect results to affect our forecasts in a meaningful way.

5. TAP generates strong free cash flow. Beer sales are relatively stable and working capital demands, while seasonal, are modest given the quick turnover of inventory and receivables. The company also benefits from a low tax rate, which we forecast will be in the 21% range in the next few years and in the 25% range over time. While there has been considerable noise surrounding FCF in the past year (and continuing into 2009), we think TAP is positioned to realize strong growth in FCF over the next several years. For instance, in 2007-2008, TAP made substantial cash contributions to shore up its pension plans, including a \$100M voluntary contribution to the UK plan in 2008. Moreover, it experienced a substantial step up in capex in the 2006-2008 periods, when it built several new breweries, accelerated the installation of cold-station equipment in U.K. pubs, and invested in IT. However, we expect these cash uses to ease in 2009 and to decline even further in 2010 and beyond. In 2009, TAP will spend an estimated \$53M on incremental capex for the MC JV, which is part of the program to drive \$500M in annual savings. We estimate total capex to be \$210M in 2009. TAP will also make an estimated cash contribution to the JV pension of roughly \$60M (its 42% share). Lastly, there should be \$12M of non-cash interest expense added back to earnings.

In 2010, we estimate capex will decline to \$175M from \$210M. TAP should also recapture at least \$35M of the \$71M in cash that was held as collateral for certain commodity hedges in 2008. With earnings getting a boost from the cost savings at the JV, we estimate FCF will increase from \$2.78 per share in 2009 to \$3.71 and \$4.27 in 2010 and 2011 respectively. After subtracting annual dividends of about \$150M, the cash balance should build rapidly. TAP's array of potential cash uses has been the subject of much investor speculation. Management has not displayed a penchant for aggressively repurchasing shares and has hinted that investing for growth would likely take precedent over repurchases and dividends. Thus, we have modeled in very modest share repurchases in the 2009-2010 periods.

TAP should also drive additional cost savings outside of the U.S. JV. Since the Q105 merger of Coors and Molson, TAP has achieved \$418M in total savings. This included the 2007 Resource-for-Growth initiative, which is expected to result in \$250M in annual cost savings by the end of 2009. At the end of 2008, the RFG savings had reached \$178M, which was ahead of plan. Management also recently highlighted an additional \$100M in potential savings to begin in 2010. These savings are all incremental to the synergies expected from the MC JV and are not included in our forecasts.

6. TAP has a strong balance sheet which should position it well in the current credit environment. It reduced outstanding debt by \$622M over the past three years with the proceeds from asset sales, internal FCF and equity issuance. At 12/31/08, net debt was \$1.3B, comprised of \$1.7B of LT debt and \$216M in cash. Roughly a third of its debt consists of a \$575M CV issue (due in 2013) with a coupon of 2.5% and a conversion price of \$54.76. Net debt to 2009 estimated EBITDA is 1.3x and should decline to less than 1x in 2010. That compares to ABI's net debt to EBITDA ratio of 5.1x and a global brewer average of roughly 3.5x. TAP's interest coverage is 11x compared with ABI's 2.8x. Moreover, there are no debt maturities in 2009 and just \$300M in 2010. TAP also owns 20% of the Montreal Canadians (rumored to be on the sale block). We estimate TAP's stake at about \$55M.

It is also important to point out that TAP has pension and postretirement liabilities of nearly \$1B including its 42% share of the JV liabilities. Over the past several years, TAP has made a concerted effort to cap these liabilities and reduce future related expenses. In 2008 alone, it contributed \$230M to its various pension plans to offset equity market declines. It also reduced equity exposure within the plans and froze or closed off several defined benefit plans, which should reduce future annual pension expenses. While the overall liability should decline over the next several years, it must be included in any calculation of fair value.

7. Beer is a defensive business with predictable repeat purchases and high affordability. For instance, a 12-oz can of domestic beer costs less than \$0.75 at retail in the U.S. Based on our view that the North American economy should remain moribund over the next several years, we think TAP is well positioned to deliver attractive risk-adjusted returns. Its beer portfolio offers an attractive value proposition for increasingly strapped consumers. For instance, in the U.S., mainstream and value brands account for more than 90% of TAP's volume. Moreover, there is no private label competition, unlike many other consumer goods categories.

While U.S. beer shipments have deteriorated over the past six months, it is important to differentiate between segments. For example, much of the recent

decline has occurred in the higher-priced import category, which is a very small portion of TAP's portfolio. There has also been a steeper decline in beer consumed at bars and restaurants, which account for roughly 20% of industry volume. According to the Beer Institute, U.S. industry beer shipments (both on-premise and retail) declined by 1.7% on a rolling 3-month basis through January 2009. This compares with a 0.5% decline through December and 0%-2% y/y increases during the autumn months. However, excluding imported beer (which is dominated by Heineken and Corona), shipments have been roughly flat on a rolling 3-mo basis for the past several months. More recently, according to IRI retail data, which excludes on-premise sales, U.S. industry volume increased 4.3% ytd through March 22, 2009, while pricing increased 3.4% over the same period. Coors Light volume increased 6.9% ytd while total import volume was relatively flat. This demonstrates the resiliency of beer sales, especially compared to many other retail categories that have been experiencing y/y declines of 5%-25%.

Recent data does not guarantee that shipments and /or pricing will not decline in the future. In fact, several of our domestic distributor contacts have been reporting weakening prices ahead of the Easter Holiday, especially in the chain grocery channel. Whether such promotional activity extends into the summer season remains to be seen. In our forecast, we assume overall shipment trends remain flattish while pricing deteriorates before improving later in the year. In Canada, shipment trends are similar (slightly below) to trends in the U.S.

Both TAP and ABI, which control roughly 83% of the N.A. beer market, raised prices in 2008 to offset rising commodity input costs and stagnant unit shipments. In Q408, MillerCoors' revenue per barrel in the U.S. increased 8% due to strong pricing, reduced discounting and positive mix. ABI's rev/barrel was slightly higher during the same period. According to AC Nielson, the % of beer sold on promotion declined by nearly 3% y/y in December 2008. It is important to note that pricing is relatively more important than volume. As we learned through our extensive research on Pepsi Americas and Coca Cola Femsa, pricing is a key driver of the beverage earnings model. In fact, we estimate that a 1% increase in price drives twice the level of incremental EBITDA as compared to a 1% increase in case volume, all else being equal. This assumes that volume would decline by 2/3 or less of the price increase based on historical elasticity trends.

8. There are a number of key risks to our TAP thesis. In our view, the primary risk is additional promotional pricing by Labatt in Canada or AB in the U.S. As we discussed previously, we think promotional pricing activity by Labatt is mostly occurring in the Quebec market due to a number of extenuating factors. While aggressive pricing could spread to other provinces given the weak Canadian economy, we don't see this as a high probability given the duopoly structure of the market, the nature of retail distribution in the non-Quebec provinces, and AB

InBev's significant debt load. In the U.S., we expect the pricing environment to remain rational, although we note some recent sporadic promotional activity in the large chain grocery channel. This bears close watching, especially as we near the important Memorial Day – Labor Day season.

There is also a risk that TAP could make a large acquisition. In Q308, TAP entered into a total return swap which gave it a 5% economic interest in Foster's, Australia's leading provider of beer. In our view, TAP entered into the swap as a way to signal to its larger brethren (SAB, Femsa and Heineken) that it might be interested in participating in a buyout of Foster's. We note that this occurred prior to the Lehman bankruptcy. The Foster's transaction has been an overhang on TAP shares as investors are concerned that it could attempt to purchase the entire company. We estimate the value of Foster's beer business in the \$5B-\$7B range. Australia is a mature but very attractive beer market where Foster's has a virtual duopoly along with Lion Nathan (91% combined share). However, unlike the MC JV, we don't see what TAP would bring to the table in a combination with Foster's, and the deal would likely be dilutive in the near term. Also, Foster's owns a wine business that it has been unable to sell, and its beer business has a very low tax basis, which could drive shareholders to demand a substantial premium. Moreover, TAP would need to issue equity for a transaction, but would be unlikely to do so with its share price so inexpensive. We view a Foster's acquisition as highly unlikely in the near term. However, we think it is an outside risk, and at the very least will remain an overhang to TAP's valuation until the company assures investors otherwise. There is a board meeting in May, and we think management could signal its unwillingness to pursue Foster's by either increasing the dividend or by initiating a share repurchase.

Since TAP reports in U.S. Dollars, there is translation risk from its substantial Canadian business, and to a lesser extent, the U.K. Strength in the U.S. Dollar significantly hurt TAP's results in the latter half of 2008. Over the long term, currency affects should even out, although we actually think the Canadian Dollar could be the beneficiary of the profligate government spending in the U.S. A weak dollar should be positive for energy prices, which should benefit Canada and its currency. We also note that roughly 50% of TAP's Canadian currency exposure is covered by a combination of hedges and the Canadian debt position. At current exchange rates, TAP's 2009 Canadian pretax profits would face a currency headwind of roughly 7%, which is what we modeled in our forecast.

There is also the ongoing risk of quarterly earnings volatility. While the beer business is stable, it is also very seasonal, with a large percentage of sales occurring in the May-September period. This results in potentially significant swings in earnings and cash flow, especially in Q1 and Q4. Moreover, TAP has had a history of surprising investors. Thus, while we view the long-term earnings

visibility as being solid, investors should be prepared to withstand some interim volatility, even considering the low current valuation of TAP shares. TAP next reports (Q109) on May 5th. Investors should be prepared for continued negative beer volume trends and negative cash flow in Q109.

Lastly, there is a risk that the U.S. could eliminate some of the tax benefits that reduce the overall tax rate for multinationals such as TAP. Every % point increase in the tax rate would reduce our 2010 EPS by roughly \$0.04.

9. Recent results

In the latest quarter, Q408, Canada sales declined 17.8%, although ex-currency, sales increased by 1.2% to \$407M. Comparable beer shipments declined 2.1% while sales to retailers (STRs) declined 0.6% y/y. Revenue/barrel increased 3.5% on a local currency basis. Strategic brands (Coors Light, Carling and Creemore) increased STRs by about 3%, with Coors Light increasing more than 10% y/y. Molson Canadian volume declined by 5%. Pretax income in Canada declined 27% to \$92.3M; ex currency, the decline was 12%. Higher commodity costs accounted for most of the decline.

In The U.S., MC JV sales increased 3.1% to \$1.7B. STRs declined 2.3% in Q4 driven by weak Miller Lite performance (-7.5%), and softness in the premium category, offset somewhat by a 1% increase in Coors Light and double digit growth in Blue Moon and Keystone Light. Net sales per barrel increased 8.0% y/y due mostly to strong rate pricing as well as some positive mix. COGS per barrel increased 5.2% with higher commodity costs offsetting cost cutting. MC also increased spending on the continued launch of MGD-64, its new 64 calorie beer which has been very successful since its July 2008 introduction. On a comparable basis, MC's EBIT increased 15% y/y to \$135M. This included meaningful synergy realization which offset the relatively weak volume trends. TAP's reported equity income in MC was \$56.2M.

In the U.K., owned-brand volumes declined 9.4% y/y, slightly worse than the industry decline of 8.3%. Local currency net sales/barrel increased a strong 10.4% driven by pricing and growth in Magner's cider. U.K. EBIT declined 8.2% to \$30.7M, with the entire decline due to the decline in the British currency. Sales to the rest of the world amounted to \$16.8M compared to \$17.4M y/y.

Reported EPS was \$0.58 in Q408 compared to \$0.74 in Q407. Most of the decline resulted from adverse currency trends in the Canadian Dollar and British Pound. Ex currency, we estimate EPS would have declined by 9% to \$0.67. In Q408, TAP captured \$22M in incremental cost reductions under its 3-year \$250M RFG program.

10. Financial assumptions

For 2009, we estimate Canada sales will decline 7% to \$1.7B. This is derived using the following inputs: shipment volume -2.2% to 7.3M barrels; revenue per barrel increase of 2.1% in local currency; and a negative currency impact of 7.8% compared to 2008. Next, we estimate COGS per barrel should increase 2.2% in local currency. We note that this includes TAP's 50% equity interest in the Modelo imported beer JV. MG&A expense should decline as a % of revenue to 22% from 22.6% in 2008 driven by further cost initiatives and lower advertising rates. This results in Canada EBIT of \$438M, a decline of 5.1% y/y.

In the U.S., we estimate sales of the MC JV to increase 3% to \$7.3B based on a 0.9% decline in total barrels shipped (to 68.7M). We estimate a 2.7% increase in Coors-brand volume offset by a 3.0% decline in Miller-brand volume. Before including merger synergies, we forecast a 3.5% increase in COGS per barrel over the course of the year, partially offset by price increases in the 2%-3% range. We also keep MG&A expense flat as a % of revenue. From that base, we incorporate \$170M of incremental cost savings into COGS and MG&A expenses, which is \$35M below management's forecast for 2009. This results in EBIT of \$940M net of minority interest, which translates into \$395M on TAP's equity income line.

In the U.K., which accounts for just 7% of EBIT, we conservatively estimated continued declines in volume and margins, as well as a further decline in the British exchange rate. We note, however, that the recently signed Heineken brewing contract combined with the ramp up of Magner's cider could add materially to profits in 2009. Moreover, management is attacking costs at every level in order to offset a portion of the revenue erosion. Pension expenses should also be far lower compared to 2008 when TAP made substantial contributions to the fund. Thus, we think there could be meaningful upside to our estimates which are well below consensus. For 2009, we forecast U.K. net sales at \$1.16B, down 13.7%, and EBIT of \$65M, down 12.5%.

We estimate total interest expense to decline to \$91.5M from \$103.3M y/y based on lower debt balances, the deconsolidation of BRI, and the absence of debt-related charges, offset somewhat by non-cash interest expense related to the CV debt. Interest income, which includes trade related interest on loans to pub chains in the U.K., should decline slightly to \$12M based on flat average cash levels and sharply lower interest rates. Applying a 21% tax rate and subtracting minority interest of \$2.4M, we arrive at net income of \$553M or \$3.00 per share on 184.5M shares. This compares to an adjusted \$2.74 in 2008. Our FCF estimate for 2009 is \$2.78 which, as we discussed in the report, includes additional pension contributions and incremental capex for the MC JV.

For 2010, we estimate a 1.6% increase in total sales to \$3B. Equity income from the MC JV should increase 19% to \$475M based on additional synergies, a 1.8% increase in net sales and stable COGS. We also estimate a 3% increase in Canada EBIT and a 10% increase in U.K. EBIT. This translates into total company EBIT of \$886M compared to \$774M in 2009. Net interest expense should decline 15% to \$67M as FCF should drive higher cash balances and lower debt levels. Applying a 21% tax rate and dividing by 183M shares, we arrive at EPS of \$3.52 for 2010, up 18% y/y. We assume a very small buyback during 2010. Our FCF for 2010 is \$3.71, driven by higher net income, lower capex and a partial recapture of margin cash from a commodity hedge. At the end of 2010, we estimate net debt to be \$905M or a net debt to EBITDA ratio of 0.7x, excluding pension and post-retirement obligations. For 2011, we estimate FCF to increase further to \$4.27.

11. Valuation

TAP shares have round tripped several times over the past few years. Currently, the shares are being hampered by concern that TAP will attempt to acquire a major stake in Foster's. TAP is also a relatively cumbersome company to track considering the different geographic regions and now the new JV. Moreover, the business is seasonal which can create quarterly earnings volatility. We note that our 2009 EPS estimate (which we view as conservative) is below consensus, and we think the consensus forecast could decline in the coming months. We think these factors might deter shorter-term oriented investors, and we suggest those investors might want to wait for a better entry point before purchasing TAP shares.

TAP is not a complex story and appears to be an ideal long-term investment within the context of the current economic environment. Our investment thesis is predicated on 3 key pillars: First and foremost that demand for beer in North America (93% of EBIT) will remain relatively stable during the current economic recession. As we discussed in the report, beer has been very resilient in past recessions, and 16 months into the current downturn, it has thus far proven its mettle. Next, we believe that market pricing will remain rational considering that beer is a mature business and that two companies control 83% of the North American beer market via a collection of strong strategic brands. While select markets could remain promotional from time to time, there is no logical reason for either TAP or ABI to chase additional market share using the pricing lever. The final pillar of our thesis is that the MillerCoors JV will achieve at least 80% of its targeted synergies, and most likely will exceed the target as management (the CEO of MC came from TAP) has repeatedly done in the past. At the same time, TAP should also continue to drive cost savings in Canada and the U.K.

Based on our forecast of stable unit demand and moderate price increases, TAP should realize revenue growth in the 2%-4% range assuming a stable Canadian Dollar. Against that backdrop, TAP should be able to drive double-digit EPS and FCF growth by realizing the considerable cost savings in the JV; reducing costs in Canada and the U.K.; reducing debt with internally generated FCF; and through lower ongoing pension expenses. Moreover, there could be meaningful upside to our estimates if the Canadian Dollar strengthens against the U.S. Dollar; if commodity input costs stay at the current lower levels; if Labatt reduces its promotional activity in Quebec; if TAP repurchases more shares than we forecast; and if it continues to successfully introduce innovative product extensions.

Similar to our prior reports on Coca Cola Femsa (KOF) and Pepsi Americas (PAS), TAP is a relatively unexciting business that caters to recurring consumer behavior through the sale of highly-affordable, consumable beverages. However, we think beer is a better business than soft drinks as there is little competition from similar beverages and no competition from private label offerings. In the U.S., the statewide regulation of beer via local legislation and exclusive distribution provides a further defense against the concentration of power in the chain retail channel. Moreover, during difficult economic times, stressed out consumers tend to increasingly turn to beer as a way to unwind. We also note that TAP has a much stronger balance sheet than PAS, and better geographic stability than KOF.

The recent decline in the price of TAP shares presents an opportunity for investors to buy a dominant and stable global beer company with a solid balance sheet, substantial FCF and high barriers to entry – at a 2010 FCF yield of 11%. We think investors will eventually pay a higher multiple for the business once they are convinced that the JV synergies are attainable and that industry pricing is not collapsing. A higher multiple in combination with the anticipated earnings accretion should result in a higher share price. We apply a multiple of 12.5x to our 2010e FCF to arrive at our initial price target of \$46.50, which translates into an EV to EBITDA multiple of 7.3x. Both the FCF and EBITDA multiples are below the middle of the 10-year range (15.5x and 8.3x respectively) for large publicly traded brewers. Our initial target price would result in a total return of 38%, including the current dividend yield of 2.5%. Furthermore, we think investors should have ample downside protection in TAP shares. We estimate downside risk to be about 15%. This should derive from the current low valuation, strong balance sheet, ample FCF and the stability of the beer business. Downside risk should also be mitigated by the inherent value in TAP's brand equity and extensive brewery network, all which provide it with a formidable competitive moat.

Finally, we view TAP to be a logical acquisition candidate since it remains one of the last large publicly traded beer companies within a highly consolidated scale-driven business. Looking out one year, we estimate TAP's private market

value to be \$63 based on the midpoint between our 2010 and 2011 estimates, and applying a 15% discount to the average multiple from similar transactions over the past 7 years. In our view, the most likely acquirers would be SABMiller, Heineken and Femsas, or some combination of those. However, given the voting control of the Coors and Molson families, any deal would have to be on friendly terms.

12. Financial Models

| a. Annual projections | 2007 | 2008 | 2009e | 2010e | 2011e |
|-----------------------------|---------|---------|---------|---------|---------|
| Canada | 1,913.2 | 1,864.5 | 1,720.9 | 1,753.7 | 1,788.9 |
| U.K. | 1,450.1 | 1,342.2 | 1,158.1 | 1,169.0 | 1,190.0 |
| Coors - U.S. | 2,762.4 | 1,504.8 | 0.0 | 0.0 | 0.0 |
| Global Markets | 65.0 | 62.9 | 61.0 | 65.0 | 68.0 |
| Net Sales | 6,190.6 | 4,774.3 | 2,940.0 | 2,987.7 | 3,046.9 |
| Cost of Goods Sold | 3,702.9 | 2,840.8 | 1,727.9 | 1,743.0 | 1,769.0 |
| Gross Profit | 2,487.7 | 1,933.5 | 1,212.2 | 1,244.6 | 1,277.9 |
| MG&A Expenses | 1,734.4 | 1,333.4 | 833.2 | 832.9 | 837.8 |
| Equity income - MC JV | 0.0 | 144.0 | 394.7 | 474.5 | 548.3 |
| Oper. Inc. Excl. Charges | 753.3 | 744.1 | 773.7 | 886.2 | 988.4 |
| Other Income, Net | (6.8) | (0.8) | 2.1 | 0.0 | 0.0 |
| Interest Expense | 126.5 | 103.3 | 90.9 | 84.0 | 73.0 |
| Interest income | 26.6 | 17.3 | 12.4 | 17.0 | 23.0 |
| Pretax Income | 646.6 | 657.3 | 697.2 | 819.2 | 938.4 |
| Taxes | 135.8 | 138.4 | 141.9 | 172.0 | 206.4 |
| Net Income | 510.8 | 518.9 | 555.3 | 647.2 | 731.9 |
| Minority Interest | (18.2) | (12.1) | (2.4) | (3.0) | (3.0) |
| Net Income for Common | 492.6 | 506.8 | 552.9 | 644.2 | 728.9 |
| EPS | \$2.72 | \$2.74 | \$3.00 | \$3.52 | \$4.03 |
| Avg shares - FD | 181.4 | 185.3 | 184.5 | 183.0 | 181.0 |
| | | | | | |
| % of Sales | | | | | |
| Cost of Goods Sold | 59.6% | 59.8% | 59.5% | 58.8% | 58.3% |
| Gross Profit | 40.4% | 40.2% | 40.5% | 41.2% | 41.7% |
| MG&A Expenses | 29.2% | 28.0% | 27.9% | 28.3% | 27.9% |
| EBIT before Miller Coors JV | 11.3% | 12.2% | 12.6% | 12.9% | 13.8% |
| Miller Coors JV | 0.0% | 0.0% | 3.0% | 13.4% | 15.9% |
| EBIT | 11.3% | 12.2% | 15.6% | 26.3% | 29.7% |
| Other Income, Net | 0.2% | -0.1% | 0.0% | 0.1% | 0.0% |
| Interest Expense | 2.4% | 2.0% | 2.2% | 3.1% | 2.8% |
| Pretax Income | 9.3% | 10.4% | 13.8% | 23.7% | 27.4% |
| Taxes | 27.0% | 21.0% | 21.1% | 20.4% | 21.0% |
| Net Income | 6.8% | 8.3% | 10.9% | 18.9% | 21.7% |
| Minority Interest | -0.3% | -0.3% | -0.3% | -0.1% | -0.1% |
| Net Income for Common | 6.5% | 8.0% | 10.6% | 18.8% | 21.6% |

| Y/Y % | 2007 | 2008 | 2009e | 2010e | 2011e |
|------------------------------------|-----------|-----------|-----------|---------|---------|
| Canada | 6.7% | -2.5% | -7.7% | 1.9% | 2.0% |
| U.K. | 1.7% | -7.4% | -13.7% | 0.9% | 1.8% |
| Net Sales | 5.9% | -22.9% | -38.4% | 1.6% | 2.0% |
| Gross Profit | 5.2% | -22.3% | -37.3% | 2.7% | 2.7% |
| MG&A Expenses | 1.7% | -23.1% | -37.5% | 0.0% | 0.6% |
| Interest Expense | -11.5% | -18.3% | -12.0% | -7.6% | -13.1% |
| Pretax Income | 18.9% | 1.7% | 6.1% | 17.5% | 14.5% |
| EPS | 23.7% | 0.7% | 9.6% | 17.5% | 14.4% |
| Avg shares - FD | 4.6% | 2.1% | -0.4% | -0.8% | -1.1% |
| Net Income | 492.6 | 506.8 | 552.9 | 644.2 | 728.9 |
| D&A | 345.8 | 273.4 | 234.0 | 242.0 | 250.0 |
| Equity Income | 9.3 | (43.2) | (47.4) | (47.5) | (38.4) |
| Working capital | (98.3) | (99.4) | 0.0 | (17.0) | (15.0) |
| Deferred taxes | (97.9) | 85.1 | 14.0 | 15.0 | 15.0 |
| Stock option expense | 37.4 | 55.9 | 23.0 | 19.0 | 20.0 |
| Minority Interest | 15.3 | 12.1 | 2.4 | 3.0 | 3.0 |
| Other | (87.7) | (379.7) | (59.0) | (7.0) | (17.0) |
| Operating cash flow | 616.5 | 411.0 | 719.9 | 851.7 | 946.5 |
| Capital Expenditures | (428.3) | (230.5) | (206.3) | (173.4) | (174.2) |
| FCF | 188.2 | 180.5 | 513.6 | 678.3 | 772.3 |
| FCF/share | \$1.04 | \$0.97 | \$2.78 | \$3.71 | \$4.27 |
| (amounts in \$000, except ratios) | | | | | |
| Current debt | | | 1,831,700 | | |
| Current Equity | | | 5,980,300 | | |
| Current tangible BV | | | 4,682,300 | | |
| Current market value | | | 6,403,398 | | |
| Current cash | | | 216,200 | | |
| Current DSO | | | 45 | | |
| Current DIO | | | 22 | | |
| FYE December | 2008 | 2009e | 2010e | | |
| EBIT | 744,100 | 773,658 | 886,223 | | |
| EBITDA | 1,017,500 | 1,130,452 | 1,246,818 | | |
| Free cash flow | 180,538 | 513,624 | 678,332 | | |
| Surplus cash flow (NI+D&A - capex) | 549,738 | 580,588 | 712,786 | | |
| Capex | 230,500 | 206,290 | 173,400 | | |
| EV/EBITDA | 7.0 | 6.8 | 5.8 | | |
| EV/(EBITDA-capex) | 10.1 | 8.3 | 6.8 | | |

| b. quarterly projections | Q308 | Q408 | Q109e | Q209e | Q309e | Q409e |
|--------------------------|--------|--------|--------|--------|--------|--------|
| Canada | 541.7 | 406.6 | 356.2 | 467.7 | 490.0 | 407.0 |
| U.K. | 348.8 | 315.8 | 286.4 | 278.0 | 284.9 | 308.7 |
| Coors - U.S. | 12.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Global Markets | 17.7 | 16.8 | 14.0 | 15.0 | 16.5 | 15.5 |
| Net Sales | 921.1 | 739.2 | 656.7 | 760.7 | 791.4 | 731.2 |
| Cost of Goods Sold | 524.4 | 447.8 | 410.6 | 427.8 | 449.4 | 440.1 |
| Gross Profit | 396.7 | 291.4 | 246.1 | 332.9 | 342.0 | 291.2 |
| MG&A Expenses | 236.8 | 196.8 | 217.8 | 207.7 | 210.7 | 197.0 |
| Equity income - MC JV | 88.1 | 56.2 | 69.4 | 133.0 | 101.9 | 91.6 |
| Oper. Inc. Excl. Charges | 248.0 | 150.8 | 97.7 | 258.1 | 233.2 | 185.8 |
| Other Income, Net | (2.3) | 3.0 | 0.5 | 0.5 | 0.5 | 0.5 |
| Interest Expense | 25.7 | 20.4 | 23.0 | 22.8 | 22.7 | 22.4 |
| Interest income | 4.1 | 3.0 | 3.0 | 3.0 | 3.2 | 3.2 |
| Pretax Income | 224.1 | 136.4 | 78.2 | 238.9 | 214.2 | 167.1 |
| Taxes | 47.1 | 28.6 | 14.1 | 49.4 | 45.0 | 33.4 |
| Net Income | 177.0 | 107.8 | 64.1 | 189.4 | 169.2 | 133.7 |
| Minority Interest | (0.7) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) |
| Net Income for Common | 176.3 | 107.2 | 63.5 | 188.8 | 168.6 | 133.1 |
| EPS | \$0.95 | \$0.58 | \$0.34 | \$1.02 | \$0.91 | \$0.72 |
| Avg shares - FD | 185.7 | 185.1 | 185.1 | 185.1 | 184.7 | 184.1 |

| % of Sales | Q308 | Q408 | Q109e | Q209e | Q309e | Q409e |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| Cost of Goods Sold | 56.9% | 60.6% | 62.5% | 56.2% | 56.8% | 60.2% |
| Gross Profit | 43.1% | 39.4% | 37.5% | 43.8% | 43.2% | 39.8% |
| MG&A Expenses | 25.7% | 26.6% | 33.2% | 27.3% | 26.6% | 26.9% |
| EBIT before Miller Coors JV | 17.4% | 12.8% | 4.3% | 16.5% | 16.6% | 12.9% |
| Miller Coors JV | 9.6% | 7.6% | 10.6% | 17.5% | 12.9% | 12.5% |
| EBIT | 26.9% | 20.4% | 14.9% | 33.9% | 29.5% | 25.4% |
| Other Income, Net | -0.2% | 0.4% | 0.1% | 0.1% | 0.1% | 0.1% |
| Interest Expense | 2.8% | 2.8% | 3.5% | 3.0% | 2.9% | 3.1% |
| Pretax Income | 24.3% | 18.5% | 11.9% | 31.4% | 27.1% | 22.9% |
| Taxes | 21.0% | 21.0% | 18.0% | 20.7% | 21.0% | 20.0% |
| Net Income | 19.2% | 14.6% | 9.8% | 24.9% | 21.4% | 18.3% |
| Minority Interest | -0.1% | -0.1% | -0.1% | -0.1% | -0.1% | -0.1% |
| Net Income for Common | 19.1% | 14.5% | 9.7% | 24.8% | 21.3% | 18.2% |